Business Summary

Boeing wins

from United

Boeing, world's biggest jet afreraft builder, has won its largest individual order yet

- for a total of 370 aircraft

The deal comes within eight

The deal comes within each days of the previous record order from GPA, the Irish leasing company, which is to buy a total of 182 Boeing jets, including options, worth to Ahn Page 20:

FT-SE 100-share index briefly moved through the 2,100 level

before losing some of its steam after better than expected

1989

trade figures. Blue chips

gains across the board.

nery. Page 5

Page 21

ter of 1989. Page 5

responded with substantial

MOBIL Corporation, US oil

company, is poised to announce disinvestment from its \$400m South African refi-

US economy expanded at a rate

of 5.5 per cent in the first quar-

GOODMAN Fielder Wattie, Australasian food giant under siege from Ranks Hovis McDougall of the UK, rejected RHM's \$2.4bn takeover offer.

BRITAIN'S current account

balance of payments deficit in March was the lowest since

September. Page 9

SKANSKA, Sweden's largest

construction company, is to acquire Slattery Associates,

a New York-based contractor,

BRITISH Aerospace has turned

system on its latest guided mis-

FIRST National Bank, South Africa's largest banking group, lifted total advances by 11 per

WEST GERMAN inflation has reached 3 per cent, its highest for five years. Page 3.

ISRAEL Investors Corporation,

subsidiary of Israel's Koor Industries, will realise up to \$20m by selling its stake in

the Jerusalem Post. Page 24

TIMES Mirror and Washington

Post, two US media companies, have reported higher earnings

from operations but lower net

INSPECTORATE International

Swiss quality control group,

unveiled a rights issue and forecast higher profits. Page

INTRUM Group, Swedish com-

pany which claims to be Europe's largest commercial

debt recovery business, is to acquire Unicol, a major UK

CRAY Research, the world's

leading maker of supercompu-ters, broke even in the first

quarter after customers post-

NESTLE, Swiss confectioners,

said up to 25 per cent of regis-

USX, Pittsburgh-based energy

and steel company, reported near doubling of first quarter

tered shares were in foreign hands. Page 22

EGYPTAIR ordered sever more 260-seater Airbus A300 jetliners. Page 6

poned deliveries. Page 24

competitor. Page 8

to the French state-owned

Thomson-CSF for the seeker

for \$28m. Page 22

sile. Page 6

cent. Page 22

profits. Page 24

FT-SE 100 Index

worth \$15.74bn - from United

Air Lines

\$9.4bn. Page 20

2000

FINANCIALTIMES

World News Takeshita's

financial aide \$15bn order kills himself over scandal

Japanese Prime Minister 🔞 Noborn Takeshita's closest aide killed himself one day after Takeshita announced his resignation over the Recruit

Chinese deflance Pro-democracy Chinese stu-dents defied official warnings and said they would march on central Peking. Page 5

Mauritanian riot

ia Neh

 $\Pi \setminus$

Rioters killed at least 40 people and wounded 700 in two days of attacks against Senegalese living in the Mauritanian capital Nouakchott. Page 5

EC student threat European Commission threatened to withdraw-plan allowing students to study in other

member states. Page 3 Polish reform

Poland's parliament began debating an historic bill granting the Roman Catholic church legal status and ending more than 40 years of church-state strife. Page 2

Namibian arrests South African-led forces handed 35 captured Namibian

nationalists to UN peacekeepers as a goodwill gesture.

Soviet N-gag Soviet authorities have drawn

up new curbs on press report-ing of accidents at nuclear

Iranian spy claim Iran named high-ranking officers and a senior foreign ministry official as being members

of a US spy ring. Page 5 Soviets in SA South Africa greeted first offi-cial Soviet delegation to the

country since diplomatic rela tions were broken off in 1956.

israeli shooting Israeli troops shot dead two

Arab boys aged eight and 16 in the occupied areas.

East-West traffic East and West Germany are considering negotiating a unique air traffic agreement which would provide for the first flights between them.

Contaminated food UK Government confirmed blackmailers were behind some

of the growing number of contaminated baby foods discovered nationwide. Page 9

Pakistan's UN plea

Pakistan, accusing the Soviet Union of sending weapons into Afghanistan in violation of Geneva accords, urged UN Security Council to establish posts to monitor the flow.

Salvador rebeis

Left-wing Salvadorean guerril-las are to begin a major milithe new right-wing govern-ment of President-elect Alfredo

Stalinist purge More than 200 bodies of Stalin-

ist victims have been found in a mass grave in the Ukraine.

Lucille Ball dies US comedienne Lucille Ball, known worldwide as a dizzy. red-headed housewife in televi-sion's "I Love Lucy," died in Los Angeles, aged 77.

STERLING New Zealand Barclays Index 2100 2000 1900 1800 London: \$1.6885 (1.7010) DM3.1725 (aarme) FFr10.7350 (10.7325) SFr2.8000 (2.7975) Y223.25 (223.50)

N'86 J 89 A DM1.87805 (1.86665)

##TEREST RATES | FF16.3985 (6.5185) | SF1.6865 (1.6460) | Y132.075 (131.485) | Federal Funds 912 | London: | DM1.8785 (1.8650) | SF1.8580 (1.6465) | Long Bond: | 9932 | Y132.20 (131.35) | COLD | Y132.20 (131.35) | COLD | Y161d: 8.960% (8.950) | Mark: | York | Lati 3-month interbank; close 13% (13.3)

New York latest

New York close Dow Jones Ind. Av. 2,389.11 (+2.20) S&P Comp 306.93 (-0.26) 2.093.4 (+22.2) 144.56 (Tues)

Tokyo Nikkel Ave 33,434.93 (+190.15) Frankfurt Commerzbank 1717.7 (+7.4) OH

\$19.65 (-0.475) (May) West Tex Crude \$21.055 (-0.25)

Thursday April 27 1989

Gorbachev's purge of the Party is a marker not a milestone

MR Mikhail Gorbachev's dramatic purge of 110 "dead souls" at the top of his ruling Communist Party amounts to the latest step in a radical shake-up of the entire party leadership across the country As yet, however, it only clears the way for the election of a new generation to the cenof a new generation to the cen-tral committee — the supreme policy-making body of the party. That event could still be postponed until 1991, when a full party congress is due. Mr Gorbachev and his col-leagues gave no hint that they were planning to bring the con-

gress forward to an earlier date, in spite of the fact that many party leaders in the provinces are now excluded from voting in the party's top

body.

The mass resignation of the 110, almost all of them leading figures during the rule of Mr Leonid Brezhnev, has also sig-nificantly shifted the composi-tion of the central committee. Seventy-four full members have quit, only 24 junior (candidate) members have been promoted to take their place. Representation of the mili-tary, for example, has slumped,

with the departure of five full generals, and five full mar-shals, to be replaced by only one rising colonel-general. In particular, General Mikhail Moiseyev, the Chief of the Gen-eral Staff, is not even a junior candidate member of the cen-tral committee yet

tral committee yet. The largest category of all in the list of retirements is that of former ministers, totalling 24, including one former prime minister – Mr Nikolai Tikhonov – and three one-time

The number of acceptances declared yesterday – at least

24.9 per cent - to some extent

defused a row involving Royal Insurance which attempted at

the last moment to withdraw

foreign minister who was promoted to the job of state presi-dent, until he stepped down for Mr Gorbachev himself last Sep-

The "dead souis" - so called because they had no official jobs left to justify their pres-ence in the central committee – also included 12 former top members of the permanent party bureaucracy, such as Mr Boris Ponomaryov, who headed the international department of the central com-

deputy premiers.

The list also includes Mr
Andrei Gromyko, the former

mittee from 1955 to 1986.

There were two top officials of the Supreme Soviet, six

senior Communist Party leaders from the republics (like Mr Geidar Aliyev, the former Azerbaijan leader, and Mr Karen Demirchyan, party boss in Armenia for many years), and 15 regional party secretaries, the pillars of the party estab-

Only a handful of such party bureaucrats have been brought in to the central committee in their place. Of the 24 junior members promoted, the largest group consists of eight ordi-

nary factory workers.

One of the reasons for the switch is that Mr Gorbachev's

intervention

ACCORDING to a senior US administration official, the US

is likely to wait to see if

unrest erupts in Panama

before deciding what action to

fall of President Ferdinand

The US lacks the same lever-

age in Panama, where for two

years a mixture of economic sanctions and diplomatic pres-

sure has failed to persuade

Gen Noriega to step down as commander of the Panama-nian Defence Forces and de facto ruler of Panama's 2.2m

in Panama

US makes

plans for

possible

hands are tied by the system. Many of the new party leaders – six republican party leaders and no less than 88 regional secretaries - are not even can didate members of the central committee. They can only be elected at a party congress. So why did Mr Gorbachev

not announce an early congress? His lieutenant, Mr Vadim Medvedev, ideology chief in the Politburo, admitted that one key resson for the shake-up was the presence of all those party officials outside the central committee. Continued on Page 20

Gold Fields fights on despite surge of support for Minorco

By Kenneth Gooding, Mining Correspondent, in London

MINORCO, the South course we think they are - we African-controlled investment company, yesterday moved closer to winning control of Consolidated Gold Fields after receiving more support than expected for its £3.5bn bid for the UK diversified mining

Counting was still going on when Minorco ended a day of drama by announcing it owned or had acceptances in respect of 54.8 per cent of the Gold Fields' shares.

The City's immediate judg-ment was that this was enough

to put irresistible pressure on the Gold Fields' directors to drop the US court case which prevents Minorco buying any more shares and taking up the acceptances.
However, Mr Rudolph

Agnew, chairman of Gold Fields, said his board last night had unanimously decided not to abandon the US civil case. He said the board had taken counsel's opinion. "That opinion was that, if the complaints we have been making against Minorco in the New York court were reasonable - and of

as a board are duty bound to pursue them to protect the company from damage.

"We would be neglectful of our duties and could be sued if we did not.'

Gold Fields believes it unlikely that any concerted City campaign will emerge to press the board to change its mind about the court battle. Soundings by Cazenove, its broker, suggested that 26 of the 30 major Gold Fields' shareholders supported the company yesterday – including the two largest, Prudential Group and

M&G.
Unless it can win an extension from the Takeover Panel, Minorco has 21 days to clear the US legal obstacles otherwise the bid would lapse, acceptances would be returned and Minorco would not be able to return with another offer for at least a year. Minorco is almost certain to

ask the Panel for an extension

acceptances representing 0.6 per cent of the Gold Fields' Alerted by yesterday's report in the Financial Times that Royal intended to accept, some of its directors hastily called for the decision to be reconsidered. However, its withdrawal arrived too late and Royal's shares remained among the

Schroders and Cazenove respectively scooped up 1.12m and 280,000 Gold Fields shares at £12.40 each early yesterday, a 0.7 per cent stake which otherwise might have gone to Sir Michael Edwardes,

Minorco's chief executive, described yesterday's result as "a vote of confidence from our pointing out that, once the 30 per cent held by Minorco was discounted, holders of 64 per cent of the outstanding Gold Fields shares "rejected the bid and stayed loyal to Gold

He said: "It would be a sad day for Britain and the City of London if the fate of a company such as Gold Fields were to be determined by short-term speculators."

Minorco disputed his arithmetic and claimed that holders of about half the free-floating Gold Fields shares had

The forceful stance being taken by the target company was illustrated by the fact that Schroders last night formally asked the Takeover Panel "to investigate whether American Barrick Resources [a Canadian gold mining group which owns 1.6 per cent of Gold Fields] has any undisclosed arrangements with Minorco."

The Panel was also asked to so that it can requisition an extraordinary general meeting of Gold Fields to put a special resolution about the US court fellow shareholders which is greatly appreciated."

Mr Agnew presented the statistics in a different light, Page 21

people. Gen Noriega has survived by exploiting intergovernmental squabbling in Washington and US reluctance to use force in Panama, where 40,000 US citi-

zens live.

But he has also played on Latin American fears that the US's real goal is to renege on the 1977 Panama Canal Trea-ties under which it is to turn over control of the canal to Panama by the end

Under the treaty, however,

the US administrator of the Canal Commission is to be replaced at the end of this year by a Panamanian whose appointment will be subject to confirmation by the US Senate. Mr James Baker, US Secre-tary of State, has warned that a Noriega appointee will not be acceptable. Officials con-cede that this spells a crisis over the implementation of the Continued on Page 20

European **Commission** inspectors raid cement producers

By Lionel Barber By William Dawkins in Brussels

Ten of the European Community's leading cement producers have been raided by European Commission inspectors in search of evidence of before deciding what action to take. The use of force to remove General Noriega from power has not been ruled out. "There is a lot of opportu-nity for turmoil," the official said, drawing a parallel with the rigged Philippine elections in 1985 which led to the down-fall of President Regginand possible illicit price fixing and production sharing.

Surprise visits took place yesterday and on Tuesday at companies in Belgium, France. West Germany and Italy, responsible for about half the EC's £4bn (\$6.8bn) a year cement output.

No British companies were raided, possibly a reflection of the fact that the three main UK cement producers scrapped their own Government-sanctioned price fixing accord two

Commission anti-cartel inspectors photocopied docu-ments at three French companies, Ciments Lafarge, the world's third largest cement producer. Ciments Vicat and Société des Ciments Française French cement makers are the subject of a separate inquiry into market rigging launched last July by the French Government.

Dawn raids were also mounted at Cimenteries CBR, Compagnie des Ciments Belges and Cimenteries d'Obourg in Belgium: Dyckerhoff, Heidel berger Zement and Schwenk in West Germany; and Italcementi in Italy, the largest cement producing country in the EC's 150m tonne per year industry.

The inquiry, the latest evidence of the Commission's increasingly tough stance against all kinds of market rigging, comes just two weeks after the Commission staged dawn raids at six large chemi-cals producers suspected of Continued on Page 20

Delors renews EMS debate in UK

By Philip Stephens, Political Editor, in London

The Delors report on European monetary union has reopened a high-level debate within the British Government on the possibility of full British mem-bership of the European Mone-

Mr Nigel Lawson, the Chancellor, is said by colleagues to be concerned that if Britain continues to stay out of the BMS' exchange rate mechanism it will be in a weak posi-tion to influence the debate within Europe on the report.

NISSAN, Japan's second

largest automotive group, is

planning to increase sharply its manufacturing capacity in

Mr Yutaka Kume. Nissan

president, yesterday outlined

an expansion strategy which

would double its production

capacity in Britain to 400,000 cars a year by the late 1990s and more than double the

group's production capacity for commercial vehicles and four-

wheel-drive leisure-utility vehicles in Spain to about

The expansion would allow Nissan to overtake Vanxhall, UK subsidiary of General Motors of the US, and chal-lenge Ford for second place as

a car maker in the UK behind Rover, the subsidiary of British Aerospace. It could make it the leading UK car exporter. Mr. Kume's disclosure came

only a week after Toyota, Japan's largest automotive

200,000 units a year.

Europe over the next decade.

That view is shared by Sir Geoffrey Howe, the Foreign Secretary, and by a number of senior officials in both the Treasury and the Foreign

The report, produced by a committee of central bankers under the chairmanship of Mr Jacques Delors, the president of the European Commission, proposes a three-stage transi-tion to monetary union. It is thought that the For-

eign Office has been privately

Nissan plans to double output

in Europe over next ten years

domestic rival, announced it would build its first European

assembly plant in a £700m

(\$1.2bn) investment at Burnas

ton, near Derby in the English

The Toyota plant is sched-

uled to begin production in 1992, with output rising to

200,000 cars a year by 1997-98. 'I hope to have 600,000 units

a year production capacity in Europe by the late 1990s," said Mr Kume. "This is my predic-

tion: 400,000 cars a year in the UK by the late 1990s."

cars in the UK followed by Ford with 375,542 and Vauxball

Nissan began production at its follow car plant at Sunder-land in north-east England in 1986. Output is expected to

total 75,000 units this year, rising to 200,000 units a year in

The group's planned expan-

Last year Rover built 450,666

By Kevin Done, Motor Industry Correspondent, in Tokyo

Midlands.

with 176,489.

assured by the Paris and Bonn governments that the second two stages could be "put on ice" if Britain agreed to the full EMS membership proposed by the report for the first phase. There is no indication, however, that Mrs Margaret

Thatcher, the Prime Minister, has dropped her implacable opposition to an early move to take sterling into the EMS.

Karlier this year she indicated that she was far from convinced that the exchange

drive leisure-utility vehicle to be developed jointly in Europe with Ford of the US.

Ford and Nissan are already co-operating in the US on the

development of a so-called peo-

ple mover - a passenger-carry-ing minivan - which will be

produced at a Ford plant in the

san director responsible for Europe, said a go-ahead for the project with Ford was expected

The planned multi-purpose

vehicle would be produced at the Barcelona plant of Nissan Motor Iberica, Nissan's Span-

ish commercial vehicles sub-

He said Nissan was planning to invest about Y100bn (\$780m) in the Spanish operations in

the four years to 1992. Nissan was also considering

developing a range of panel vans in the 1.8-tonne to 3.5-

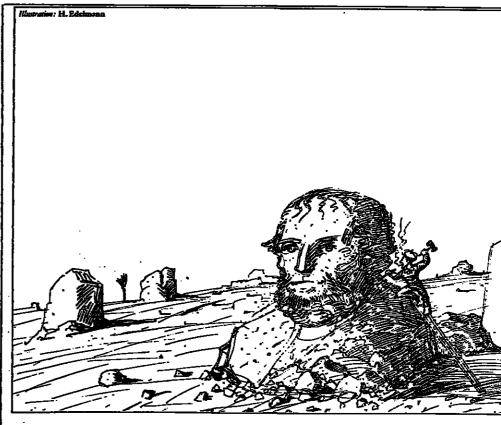
tonne class for production at its Spanish plant in the 1990s.

later this year.

Mr Yoshikazu Kawana, Nis-

rate mechanism would survive the removal of capital controls which will accompany the creation of a single market by 1992. She also emphasised her view that it was impossible for the Government to set targets for both the exchange rate and inflation. The renewed attention

within the Treasury and For-eign Office on the EMS has been stimulated by both the Delors report and by continu-Continued on Page 20



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L-1140 Luxembou Phone 452211-1

net profits. Page 24 MARKETS STOCK INDICES

not win the coming years of coup and cannot be ruled out

UK defence sales: Outlook for Britain's huge Saudi Arabian arms deal ... Management: The human face of artificial Editorial comments Further to go on farm costs; A cold wind from below

Recruit scandal: Japan's minor players pay the ultimate price ... Lext Gold Fields/Minorco; UK trade figures; RHM/Goodman; Bank of Scotland; . Unit Trusts

China: Protesting Peking students prepare for

sion in Europe includes pro-duction of a new four-wheelgroup and Nissan's main CONTENTS Army casts a shadow over next month's poll in Argentina

If Carios Menem, the is record over many

Argentine army's preferred candidate, does counter-coup suggests a military intervention

Arts-Reviews ... World Guide .

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Survey: International Direct Marketing 33-36

Britain in fish quota protest

BRITAIN has sent a sharp letter to the European Commission defending new legislation preventing other Community nationals registering fishing vessels as British boats, writes

Tim Dickson in Brussels.

The provisions of the Merchant Shipping Act were introduced this year to outlaw the controversial practice of "quota hopping", whereby fish-ermen from other EC states (notably Spain) use part of the fixed "catches" for certain spe-cies allocated under the common fisheries regime to their British counterparts.

The British law, which requires newly registered fish-ing vessels to be at least 75 per cent British owned, fell foul of the Brussels authorities because it discriminates on grounds of nationality and offends against the principle of free right of establishment. The Commission sent out a "reasoned opinion" saying Britain was in breach of Community law - a procedure which could lead to an action in the European Court.

Quota "poaching" has been a growing problem for some time, but the tensions have worsened lately as key stocks in Community waters have been depleted by overfishing.

The issue of whether an act of Parliament could be nulli-fied by the European Court is causing concern in British Government circles and the outcome of the legal battle is being watched with close inter-

est in Downing Street.
The British letter highlights damage to UK fishermen from quota hopping; puts forward several legal arguments to jus-tify the legislation, notably the link established by the Interna-tional Geneva Convention of 1958 between a vessel and state's flag; and it says other EC members have similar

made the following comments:

managed to perform very well.

for these accounts, making us a major

force in the transaction market.

Indeed, high street banks have now

been forced to pay interest on their

In order to provide a broad range of

financial services, Abbey National

Financial Services Ltd. was established

in 1988. Their growing number of

representatives offer independent

Our house building subsidiary, Abbey

National Homes Ltd., was active on

nine sites throughout the country,

and is set to become increasingly

active in future years. Cornerstone,

our Estate Agency chain, continued

"best advice" to customers.

current accounts.

Brussels wants 4.4% rise in EC spending next year

A RISE of 4.4 per cent in European Community spending was proposed yesterday by the European Commission, with more cash for poorer regions and new priorities like environmental protection.

The proposed 1990 spending

budget of Ecu46.8hn (£30.4bn) is the first to be drafted since the three EC institutions — Commission, Council of Ministers and Parliament – last summer agreed five year guide-lines, the most important of which puts a lid on farm spending.
In fact, the Commission pro-

jects that agricultural spending next year will be Ecu3.8bn below its maximum limit. This is due to the beneficial twin effect of internal EC stabilisers and of relatively higher international prices which have reduced the subsidies needed to offload surplus European food on the world market.

Mr Raymond McSharry, the Agriculture Commissioner, had proposed giving member states the benefit of some Ecu3bn of the savings in his sector, but was overruled by his Commission colleagues in the interest of keeping the overall EC budget (spending and receipts) lower than it would otherwise have been.

By accelerating farm-related rebates to member states the McSharry plan might have appeared to increase overall EC farm spending. A majority in the Commission feared this would be taken amiss by the Community's trading partners, at a time when the EC has promised in the Gatt talks to freeze farm spending. Under yesterday's budget

proposal, which must go through two readings by the Council of Ministers and the Parliament, the share of EC spending devoted to propping up farm prices would fall to 54.9 per cent next year, from 57.6 per cent this year and 61 per cent last. But out of this, the Commission proposes to set aside Ecu70m next year to help crack down on fraud. The Commission proposes

23.5 per cent rise in spending on environmental protection. while payments by the regional and social funds to poorer regions would amount to Ecuil.5bn.

In macro-economic terms, however, the budget remains puny, accounting for around 1 puny, accounting for around 1 per cent of total gross national product of the Twelve and about 2.25 per cent of their, total public spending. This was a point which the recent Delors Committee report used to underline its argument that the Twelve must co-ordinate their budgetary and fiscal poli-cies if they want to achieve economic and monetary union.

Nato crisis 'is most serious yet'

By David Goodhart in Bonn

CONFLICT within Nato over the modernisation of, and negotiations over, short-range nuclear weapons had created the most serious crisis in the organisation's history, Mr Egon Bahr, the East-West strategist of West Germany's opposition Social Democrats, said yesterday

Mr Bahr, one of the architects of Ostpolitik in the early 1970s and still listened to with respect in many Western capitals, said incompetent strategic diplomacy on the part of the centre-right coalition in Bonn was an important factor behind the crisis. "It is a scandal that the Ger-

man Government two years

ago demanded a comprehensive concept for European security over the next decade but then did nothing to pro-duce one," he said. Although a supporter of negotiations over short-range nuclear weapons — rejected by the US and UK — Mr Bahr said he understood US exasperation with the Bonn Covernment

Government. He claimed he could never remember a time when relations within Nato had been so strained, even during the arguments over inter-continental missiles in the late 1950s and when France partially withdrew from Nato. On these occa-sions the reality of a serious

threat from the East had

WE'VE PAVED THE WAY FOR

THE FUTURE.

helped avoid a crisis. Mr Bahr believes Nato's

Lance short-range missiles should not be replaced with the existing missiles will last at least another 10 years, not just until 1995 as is usually

Mr Helmut Kohl, the Chancellor, will today present a wide-ranging policy report expected to include an elaboration of the German position on Nato missiles. Some influential voices in the coalition, such as Mr Volker Rühe, are stressing Bonn's position as reported to Washington earlier in the week was only a starting point for

Polish poll underlines power of the Church

By Christopher Bobinski in Warsaw

POLAND'S FREEST election campaign for 40 years began in earnest this week as 261 Soll-darity hopefuls set off to coldarity hoperus set ou cullect the 3,000 nominating signatures each needs to qualify as a
candidate for the June poll.

The newly legalized opposition movement aims to secure
a comfortable majority of the
100 Senate seats, and the lion's

100 Senate seats, and the 100n's share of the 35 per cent of Seim (lower house) seats for which non-Communists may compete.

Putting the candidates' list together has at times been traumatic, and the process has brought the Catholic Church's power into sharp relief

It is no accident that the only map prominently displayed in the Solidarity head-quarters has the borders of the country's dioceses inked in. The debates over whom to put forward has said much

about how Solidarity sees its parliamentary role and the pit-falls it faces.

Mr Lech Walesa, for exam-ple, has resisted pressure to stand himself, sensing that should things go badly wrong and the parliamentary team gets too involved in the sys-tem, he could lose shop-floor

credibility. Right-of-centre opposition figures like Mr Alexander Hall, of Young Poland, argued with-out much success that the election should be fought by Solidarity in coalition with the smaller groups. There is a growing feeling on the right wing of the opposition that Solidarity is very much in the hands of its social democrats.

But the free market liberal group did manage to get more than a dozen names on to the Solidarity list, largely thanks



Solidarity election material interests a passing Pole

to the fact that its leader, Mr Andrzej Machalski, is organis-ing Solidarity's campaign. Other small groups have had to choose between attempting to secure a place for individual activists on the official opposi-

tion lists, or deciding, like the radical KPN independence party, to stand against the official opposition candidates.
Several candidates enjoying the backing of the Primate, Cardinal Joseph Glemp, including a handful of Christian Democrats, have failed to win

place on the opposition list. This has deepened the rift between the Church leader and Solidarity which has developed despite Mr Walesa's warm rela-

tees have risked putting up candidates who might be frowned on by local clergy. Thus in a town north-east of Warsaw, a local lawyer had to be dropped when his admission

lic intellectual clubs, and in

the small towns and the countryside, few Solidarity commit-

that he was an atheist raised eyebrows among local clerics.

Another front-runner, a gynaecologist suspected of having conducted quite legal abor-tions, went the same way.

Given Solidarity's lack of access to the official media, the churches will inevitably play a major role. They are needed first to help people collect nomination signatures after Sun. ination signatures after Sun-day services and then dis-

Hungarian liberal with eves turned westward

By John Lloyd

MR IMRE POZSGAY is the most prominent liberal now in the leadership of any ruling

Communist Party.

The word is used loosely of Mr Mikhail Gorbachev. for example - but is here used because there seems to be no

other.
Since the beginning of this year, Hungary's Deputy Prime Minister has outraged many of his fellows in the Hungarian Socialist Workers Party (HSWP) by calling the 1956 revolt a popular uprising.
Then, 12 days ago, he conjured up - only to dismiss for the moment - the prospect of a solit in the ruling party, and

a split in the ruling party, and called for a much faster rate of economic and political reform. economic and pointest retorn.
He is in the clear ascendant in
the reform wing and is more
popular in the country than
the ambiguous and hesitant
party leader, Mr Karoly Grosz.
In London yesterday to inaugurate a Hungarian cultural exhibit, he took a 90-minute news conference in the spirit of a man impatient for the reshaping of his country into a member of the European family of constitutional democra-

Socialist states, he said, could be administered but not governed: the penetration of the party into every crevice of civil society had killed economics, civility and, in the end, politics itself. All of these had to be exhumed from their unquiet graves and massaged into vig-

The Hungarian central committee session of February 10-11 had, he said, established the reform process as the party's programme, although there were plenty of conserva-

tives at every level.
Since that was so, he would not advocate a split, for "in not advocate a spit, for 'In this case a power vacuum would be created in Hungary. Before other political forces could develop we would be left standing on the edge of an abyss." But if the party took a "Stalinist turn" he would be out, and the reformers with him.

him. He has some cause for thinking that things are going his way. A new constitution should be in draft form by June. It would function, he said, within a legal framework which would favour human rights above all else. Laws on media and religious freedom were being prepared or dis-cussed in both areas, the guiding principle is, he says, to cre-

ate or re-animate autonom: His vision, which he thinks is shared by the most vital spirits in the party, is for an HSWP prepared to compete for

and lose power.

He takes one lesson above all from Poland in the early 1980s:

"Through dictatorship power can be protected but a country cannot be made to function."
For his own, increasingly dysfunctional, country he prescribes continuing massive doses of democracy. A neutral Hungary would,

he believes, cause the Soviet Union no problems now, and he has his eyes turned uninhi-bitedly westward. "Conceive of the present time as a corridor

– at the end of it is the European Community."

For all of his roly-poly charm and his courage, he gives a sense of the fragility of his position: in his constant admission that he is exposed, at least within the party; in a throwa-way comment that the "anonymous masses have not yet spo-ken - [though] when people cannot tolerate any more, they will burst out in rebellion." Mr Pozsgay wants to get there first.

tions with the Pope. But the Solidarity list does creetly to remind parishioners include members of the Cathowhom to vote for. Olivetti urges steps to

restructure computer

industry unhampered By Hugo Dixon in London

EUROPE'S computer industry should be allowed to restructure itself without government intervention, Mr Vittorio Cassoni, chief operating officer of Olivetti, Italy's largest computer and vesteriar

puter company, said yesterday.

Mr Cassoni said the industry
would need to eliminate duplication through a series of take-overs and joint ventures if it was to regain its international competitiveness. "We are too many in Europe. Some of us will have to disappear." However, he warned govern-

ments against intervening with the process. "My plea is to let natural forces play."

Mr Cassoni's comments, made at the Financial Times World Electronics Conference in London, come at a time of heightened speculation that Europe's computer companies are about to embark on a spate of corporate restructuring.

There is a perceived need to build larger cross-frontier organisations that can co-operate on research and marketing to prepare for the single European market in 1992. Mr Cassoni said Olivetti intended to be one of the leaders of this process. ICL of the UK and Siemens of West Carmens of the Carmens of the UK and Siemens of West Carmens of the UK and Siemens of the UK and Si mens of West Germany are frequently mentioned as other

potential leaders.
Mr Cassoni criticised
Europe's Governments for failing to buy enough computers
from European companies outside their country. He said a European company's chances of selling computers to the government of another European nation were "basically nil" and the position had worsened in

the past few years. He urged the European Commission to press ahead with its deregulation of telecommuni-cations markets throughout the region, a policy that has recently looked as though it is

running into problems.

Elsewhere during yesterday's conference, Sir Geoffrey Pattie, former British Minister for Information Technology, said the Community had to said the Community had to develop a policy to ensure inward investment did not lead to the region being colonised by Japanese companies. Interdependence in trade and technology was good, but one-sided dependence and economic colonisation was bad. Sir Geoffrey also sharply criticised the British Government's approach to inward investment. Britain's success in attracting investment by

in attracting investment by Japanese companies was being bought "at huge expense" not just in terms of taxpayers' money, but also by harming the competitive prospects of companies operating in other European countries. He hit out at the British

Government's failure to invest enough in research and devel-opment, infrastructure, skills training and co-operation with other European nations.

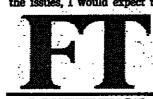
Speaking on the first day of FT Conference, Sir Geoffrey argued that a European policy on inward investment should

focus on the quality rather than the quantity of invest-ment. The acid test should be a company's willingness to invest in R&D as well as manufacturing facilities.

Fie-said he did not expect the

British government to take the lead in formulating such a policy. Indeed, we can expect the UK to continue to play mixed roles as branch manager of inward investment and halfhearted participant in EC-cen-

He added: "In the absence of a wider, longer term view of the issues, I would expect the



CONFERENCE

WORLD ELECTRONICS -**EUROPE'S ROLE IN** AN INTERNATIONAL INDUSTRY UK to continue to pursue a

self-interested approach which will create jobs of non-EC design in some places while destroying jobs of EC design in others." Mr Franz Nawratil, director

of Hewlett-Packard's European operations, took a different line on inward investment. Such investment had allowed Europe's electronics industry to become substantial Inward investment created

inward investment created jobs, helped sub-contractors to flourish, promoted exports, brought new styles of management to the continent and led to increased R&D.

Even so, he agreed there could be drawbacks if companies did not de message in the companies of the country of th nies did not do research in Europe and called for "bal-anced inward investment", which would consist of a proper spread between R&D. manufacturing, sales and local

A similar pro-competition stance was taken by Mr Michael Patsalos-Fox, a consultant at Mickinsey & Co in London. "The trick is to be able to use the 1992 initiatives in the short taken to create as more matter." term to create a more, rather than less, competitive internal market. The fundamental point here is that to create globally competitive organisations, the home base has to be a competitive one and nowhere better than in Japan do we see this illustrated.

Mr Ivor Cohen, a director of AB Electronics of the UK and the conference chairman, argued that the present trend to greater scale in the electronics industry was only a transi-tory phase. Once cross-border takeovers and alliances had been constructed, companies would have to turn their attention to how these new groups could be managed in an inno-

Freedom Party leader confident

MR Jörg Haider, leader of Austria's far-right Freedom Party (FPOe), expects to be elected provincial governor of Carinthia with the support of the conservative People's Party (OeVP), junior partner in the socialist-led coalition government, writes Judy Dempsey in Vienna.

However in an interview

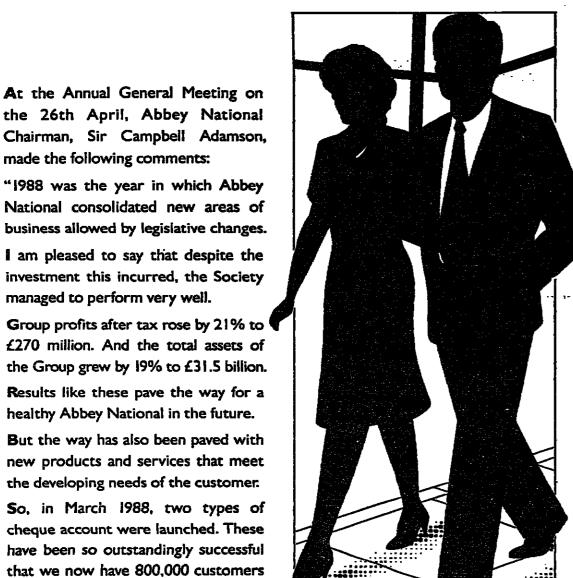
However, in an interview yesterday with the Financial Times, he denied suggestions that his election with OeVP help would precipitate the break-up of the Socialist-OeVP coalition in Vienna and hence an early general election.

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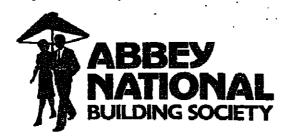


to develop and we now have over

400 offices handling residential and

commercial business.

We looked forward to 1992 and the challenge of Europe by starting a joint business venture in Spain, Abbeycor Nacional Hipotecario. Abbey National (Gibraltar) Ltd. was also started, providing mortgages for UK expatriates in Spain. 🕆



Naturally, we did not overlook our core business. The Five Star and Sterling Asset accounts offered attractive rates of interest, and members were given greater access through the expansion of Abbeylink to some 1200 machines.

The demand for our Mortgages was high with lending up by 26% at £7.5 billion. Responsible lending continued to be our approach, and in September we became the first major building society to offer fixed rate mortgages.

To keep pace with changes, we launched a major customer care programme and soon all our staff will have attended the appropriate course.

We have moved into new areas because we know we cannot stand still. It is this fact that led us to propose to our members that the Society convert to plc status.

As you know, the result was an overwhelming vote in favour. The next stage will be to seek confirmation from the Building Societies Commission, followed by a flotation in the summer. Then our members will have the chance to buy extra shares. 🔠

The funds raised will be used, as promised, to improve customer service with more and better equipped branches, more technology and more services.

1988 was our busiest year. 1989 has already been the most momentous year in our history, and we look forward to a great future as a public limited company."

EUROPEAN NEWS

tale of **British** breakfasts

ard

By William Dawkins in

THE STUFF that gives some British kippers their rich gold colour could be outlawed by 1992 if the UK's more gastronomically sophisticated partners get their way.

Pink dye in British and Irish sausages and Danish hot dogs could go the same way if EC member states fail to heal a rift between themselves over just what colourings should be acceptable in Europeans' food. table in Europeans' food. The dispute is a revealing illustration of how traditional national tastes can complicate the drive for a single European

The source of the controversy, on the menu for a ministerial meeting next week, is a European Commission plan to give EC authorisation to the artificial colourings known as Brown FK (for kippers) and Red 2G, as used to give pork sausages that blushing pink tint so important to a proper

Anglo-Saxon breakfast.
Without these artificial colours, kippers would naturally come out grey, while sausages would be bleached white by their preservatives, claimed an EC food expert yesterday.

If, as seems likely, ministers fail to agree, the UK and Ireland would have to rely on existing patients agreed food colours.

existing national food colouring standards, which are tech nically due to be phased out by

British kippers and bangers are hardly exported, since most other Europeans consider them barely edible, so the Commis sion sees no objection to let-ting the average Briton eat what he likes so long as it has an EC label on it.

However, five other member states, including West Germany, Italy and Belgium, are blocking the move because they cannot understand why anyone should want to flood meat with chemical colours, said an official.

The Danish hot dog's prob lems are different. It contains a colouring, erythrosine, declared by independent scientists to be mildly carcinogenic For that reason, the Commission wants to limit its use to foods that cannot do without it

like Danish frankfurters. Another in the same cate gory is an orange colouring canthaxathin, used in Stras-bourg sausages and some kinds of chewing gum, and which can build up on people's

The same five countries object to the Commission's plan to restrict the use of these substances on the grounds that they should be banned completely. Officials are trying to find a solution for next week's meeting of ministers.

Soviet reporting of N-accidents curbed

SOVIET AUTHORITIES have drawn up new curbs on press reporting of accidents at nuclear plants. Reuter reports from Moscow. In an article marking the third anniversary of the Chernobyl accident Izvestia newspaper said it had been given a copy of a direc-tive barring the Soviet media from revealing details of certain incidents.

Signed by the Minister of Energy and Electrification, the directive covers reports of accidents and breakdowns leading to material damage, casualties and "non-catastrophic" environmental contamination.

EAST AND West Germany are

considering negotiating a

unique air traffic agreement which would permit flights

between them across the East-

West German border for the first time and the use of East

Berlin's Schönefeld airport for

West Berlin's international

A senior West Berlin official said both German states were

outwardly expressing uninterest in such negotiations in order not to "drive up the price" before they begin. "We are in a phase where both sides."

are playing a game of poker to

see who pays for what," he

Two German states may

establish air links

Colourful | West German tax saga ends as a very short story

Haig Simonian in Frankfurt chronicles the brief and unhappy life of the country's withholding tax

the Bundesbank president, the saga of West Germany's 10 per cent withholding tax on most forms of savings and investments has been "one of the less brilliant pages" in the country's history.

Other leading bankers have been less generous. But all must be feeling delight now at the news conected to

delight how at the news, expected to be confirmed in a policy statement by Chancellor Helmut Kohl later today, that the four-month-old tax will soon be no more. How soon remains unclear, Accord-

now soon remains unclear. According to Mr Michael Glos, the financial spokesman for the majority parties in the Bonn coalition, the tax should be dropped "as soon as possible." July 1 is the earliest likely date in view of the time it will take banks to re-programme their computers and make other necessary changes.

Abolishing the tax will involve a loss of about DM4bn (£1.3bn) in tax revenue, according to Mr Glos. However, the control of the c

revenue, according to Mr Glos. However, the recent pace of economic growth and consequent rise in fiscal revenues suggests that the shortfall could "easily be financed", he said.

As a linked measure, Mr Glos has also called for a doubling in the thresholds for tax-free uncarned income from the present DM300 and DM600 for single and married persons remierities a sten that would further respectively, a step that would further reduce tax revenues by around

DM500m if approved.

Equipping themselves to handle the highly unpopular withholding tax, which was announced to an aston-ished Bundesbank and financial community in October 1987, has cost West

Germany's banks some DM1.1bn. according to estimates from the country's co-operative banking system. Dealing with abolition will cost a further DM100m, some bankers reckon. Those figures exclude the cost to the exchequer of the new withholding

tax headquarters in Trier employing 200 extra civil servants. 200 extra civil servants.

True to the West German tradition of regionalism, the city's representative in the federal Parliament called this week for the preservation of the jobs in view of high local unemployment and building costs "in millions".

Whether it was deliberate policy or just coincidence to site the withholding tax office in a city virtually on the border with Laxembours, the destiborder with Luxembourg - the desti-nation of billions of D-Marks in flight

the affair. Last year alone, West German net security investment into the Grand Duchy amounted to DM15.6bn, up from a mere DM400m in 1987.

capital since the tax was announced -remains one of the sweeter ironies of

Admittedly, the main beneficiaries of that flow have been West German banks. Deutsche Bank has seen the banks. Deutsche Rank has seen the most dramatic gains. Its Eurorenta investment fund, which concentrates on investments in withholding tax-free Euro-DM bonds and fixed income issues in other leading European currencies, has now reached some DMS.3bn since its establishment in November 1987.

Eurorenta had the luck of being the right product at just the right time. But the other banks which have since come up with similar funds of their own have also seen almost as sharp grown.

But despite the benefit on the fund side, there will be few tears in the West German banking community when the tax goes. Its bungled announcement — news slipped out during weekend horse-trading between coelition politicans in Part during weekend horse-trading between coalition politicians in Bonn obsessed by the need to find extra revenue to bring down the Govern-ment's budget deficit — was an indi-rect cause of the subsequent squabble with the US, which in turn contrib-uted to the world stock market crash

soon after.
The weeks of uncertainty about application of the tax and the precise treatment of interest payments fur-

ther unsettled the markets.
Coupled with the crash, the tax was one of the main reasons behind the decision of several international investment banks either to slow their expansion plans in Frankfurt or to postpone them altogether.

Meanwhile, the withholding tax prompted a marked shift in investors' behaviour, as foreigners in particular cold-shouldered the D-Mark. Unsettled by the uncertainty regarding what paper would be affected and by conflicting reports about double-taxation arrangements, one Japanese investment bank in Frankfurt was given specific instruc-tions by its Tokyo headquarters not to buy any DM Eurobonds until further

eard likewise However, while Euro-DM bonds gradually returned to some form of normality once it became clear that

details emerged. Others probably

would not be subject to tax, irrespec-tive of whether the borrower had a German parent company, the market in federal government bonds has never entirely recovered.

The reluctance of foreign investors

to buy them gathered momentum this year as the D-Mark depreciated against the US dollar — partly as a result of the tax. Speaking last week, Mr Pohl himself listed a weaker D-Mark, contributing to domestic inflation, capital flight and higher West German interest rates as being among its most serious consequences. At their height in 1987, foreign investors accounted for up to 80 per cent of the purchases of each new DM4bn federal government bond

he subsequent decline in buy-ing has triggered rumours in Frankfurt that some of the foreign banks which were once so keen to join the government bond issuing consortium have since been having trouble placing their quotas as a result of the reduced appeal of the D-Mark and what were seen as unattractively low West German interest

"For many banks without captive placing power, membership of the bond consortium has been almost-certainly been a loss maker recently," said one US banker in Frankfurt yes-

terday. How matters will change after the tax is abolished probably depends on the performance of the currency. In

GLOBAL INTEGRATION THROUGH OVERSEAS INVESTMENT

uncertainty is on the cards while the Government works out the details of dropping the tax and of how to treat of withholding tax payments already

But reaction in the banking com-munity is already bubbling. Mr Alfred Herrhausen, chief executive of Deut-sche Bank, welcomed suggestions that the tax would be dropped while expressing doubts that a harmonised measure covering the entire European Community might ever replace it.

A leading spokesman for the German Bankers' Federation took matters further by calling for an EC-wide abolition of withholding taxes.

But for those looking further ahead, the elimination of the tax may not be without its worrying side. Politically, the Government will no doubt try to sell its decision as a success. But some may find it hard to see Mr Kohl's U-turn on this issue, as on military service last week and perhaps on nuclear reprocessing to come, as another nail in the coffin of an extremely accident-prone administra-

The decision to drop the tax could also cause problems for the West Germans at European level. Bonn's tacit support for an EC-wide withholding tax, a measure vehemently opposed by the UK and Luxembourg, has been warmly received by France, the country most concerned about capital flight following the elimination of exchange controls.

As far as the French are concerned, the West Germans now have some

Inflation at highest for five years

By Andrew Fisher in

WEST GERMAN inflation has touched the 3 per cent level this month, its highest for exactly five years, according to provisional figures from the

Federal Statistics Office.
The main reason for this month's increase is a rise in the price of heating oil and petrol, with motorists having become used to steady rises in the daily cost of driving.

Some analysts believe the Bundesbank's concern about the likely rise in inflation from 2.7 per cent in March was an important factor in its deci-sion to lift key interest rates

last week. Thus, representatives of the state banks on the Bundesbank's 18-man council outvoted the seven members of the permanent directorate, headed by Mr Karl Otto Pohl, on the issue a week ago.

The provisional figures are based on returns from four big states: Bavaria, North Rhine-Westphalia, Eesse, and Bad-

en-Württemberg.

The half point rises in the discount and Lombard rates to 4.5 and 6.5 per cent were aimed at preventing further rises in inflation and at damping down the growth in money supply, still well above the 5 per cent annual target.

ADVERTISEMENT

Brussels bid to open door for students

By William Dawkins

THE European Commission, resorting to a rarely-used tac-tic, yesterday issued a threat to withdraw a long deadlocked plan to allow students automatic freedom to live and study in other member states, because of continued wrangling between governments. Mr Martin Bangemann, the

Internal Market Commissioner, obtained the consent of his 16 Commission colleagues yesterday to scrap the plan if EC governments fail to agree in principle on a revised version at a ministerial meeting next Wednesday.

He is deeply frustrated at member states' inability to sink their differences over the scheme, tabled by the Brussels

authorities 10 years ago. All wage and salary earning EC citizens are guaranteed the freedom to live anywhere in-Rome. This plan aims to extend that same right to nonearners, mainly students, but also old age pensioners. France could only accept the

plan - which needs unani-mous agreement - if foreign students provided proof they could support themselves.

That suggestion is blocked

by Greece, which sends a high proportion of its students Denmark and Britain, mean-

while, are unwilling to include pensioners in the directive, an objection once dubbed an "obscenity" by Lord Cockfield, Mr Bangemann's 72-year-old

In an attempt to break the deadlock, Mr Bangemann is proposing that freedom of residence be allowed to students and pensioners on condition that they do not make social security claims in their new country and that they take out private health insurance before

At the Cutting

Edge of Consumer Electronics

A bevy of new products and the launch of an imaginative new concept in information processing is propelling Casio Computer Co. into a new era of growth. The group's newly appointed President, Kazuo Kashio explains.

By Brian Robins



Karım Kashio. President. Casio Computer Co., Ltd.

Robins: Firstly, following your recent elevation to the position of President of the company, what are your broad aims?

Kashio: From a general point of view. I have some idea of the kind of corporation Casio should become, in terms of the ideal. The company is well established with a name that is known internationally, and I would like to see Casio grow further in the global market. I would like people to appreciate the fact that Casio is a first-rate company.

Casio has key assets and abilities which it has developed steadily over the years. The Casio brand name is well known around the world.

In terms of human resources. we have a large number of highly skilled electronic engineers and, moreover we have accumulated considerable financing capabilities. I would like to build on these three fundamental assets of the

Electronics a key strength

Our technological base emelectronic calculators, musical instruments, audio-visual products, electronic cash registers and our newly developed ADPS information processing system.

As you are aware, we have built up unique research and development capabilities, as well as strengths in launching new manufacturing systems and approaches, which have enabled us to successfully bring new products to market, and steadily expand our range of products.

Robins: Digital diaries have emerged as a competitive battleeround in Japan. As the leader in this field, is Casio holding its own?

Kashio: This area grew out of our strengths in the field of electronic calculators, which is a significant business for us. We hold the number-one position in this sector of the market. Now, the 'digital diary' is emerging as a large new market, and it will constitute a major business for us in the future.

Digital diary growth to continue

Some of the products and technologies we have developed successfully over the past few years are liquid crystal display (LCD) units, especially large sized units, and large capacity memory chips. The success we have had with our technology in these areas has been pivotal in the many new products we have launched, and

especially in digital diaries. At present, digital diaries are used to record names, telephone numbers, addresses, and so on. In the future, as the linking up of digital diaries with the personal computer becomes more acceptable, these diaries will become the personal portable terminal for individuals.

At first, digital diaries had only very simple functions, but gradually they have expanded in sophistication and this has, in turn, increased their popularity. The rapid growth of the past 18 months will continue for the next three years or so. Longer term, given the potential of the link up between digital diaries and personal computers, we at Casio are optimistic of this product's future.

Fortunately, our technological leadership in this field gives us a very strong advantage over our competitors. If you buy an LSI and package it by bonding with wire, it is too bulky. We have developed a process for installing the silicon wafer directly onto film, which enables us to make extremely thin products. It will take quite some time before our competitors even begin to close the gap.

Robins: In the audio visual field, Casio has carried out a reorganisation, I gather.

Kashio: Up until now, we had two separate departments—one for our extensive activities in the field of electronic musical instruments and a second for our audio visual activities. We decided to merge the two. I feel that sound and image represent the culture of today, and that these two media are really inseparable. So, by merging the technologies of these two fields, we hope to create a new range of products that successfully unite both sound and visual entertainment.

Here at Casio, we make a wide variety of musical instruments: in the visual field, we make liquid crystal displays (LCDs), portable TV's, VTR's, and other products. We now can combine our extensive activities in these two fields to develop new products. We are optimistic that we will succeed in bringing new products to market.

Robins: Electronic devices is also an area of activity for the group. Could you please explain?

Kashio: in the field of electronic devices, we have developed a range of new technologies which are respected worldwide. We use liquid crystal technology in wristwatches, electronic calculators, portable TV's, our printers, and the like. We are world leaders in developing and applying technology in these fields.

Also, at our Ome plant in Japan we have developed specific technology for bonding LSI's directly on to film, so we can make very thin products in a variety of fields with extremely sophisticated functions.

Our strength in the field of electronic devices is such that in the future we may begin selling our devices and technology to other interested companies.

Robins: The biggest single de-

velopment for the company over the past year has been the launch of the imaginative 'ADPS' data processing system. Could you please explain?

Kashio: ADPS, or active data processing system, is a programless automatic data processor.

The ADPS revolution

In a conventional computer system. data input and output is done through a standard program. But we took one step back and asked ourselves; what is data? We thoroughly studied this point, and developed the ADPS approach whereby data is handled directly. bypassing the programming stage. In effect, the ADPS approach involves a complete merging of the software with the hardware. It really does away with the need for software completely.

Our approach will result in major changes in the mechanism of future computers. So, as a first step, we will be launching ADPS into the small business computer market over the coming few months. Also, the ADPS approach is equally suitable for large computing systems and in fact for all types of data processing equipment, so we will gradually move into these areas as well.

In the first year, we will make maximum efforts to launch ADPS into the Japanese market.

I personally think that ADPS is a breakthrough. The question is how to make it into a business. Depending on how well we do this, I think that ADPS could grow to become a significant part of our total

Society cannot survive without computers. What we need to do is to have computers which are more useful from the user's point of view.

If we can succeed with ADPS, and I am sure we can, then we should be able to make a significant contribution to society, since it enables a large reduction in labour costs.

Robins: Recently, the decision was taken to establish a new production facility in the USA. What is your aim?

Kashio: Yes, we decided to build a plant in California, initially to make musical instruments, in line with our broad corporate philosophy of making products in the market of final demand.

The US is the biggest market in the world for electronic musical instruments, and we are proud of the fact that we hold the number one position in this growing market.

Local production in maior markets

We would like to be active in locating production facilities abroad, especially in the US, since by doing so, we hope to solve the problem of distribution costs, to help cut production costs and to limit our foreign exchange exposure while easing trade friction.

Robins: Finally, Casio has withstood many challenges over the past few years. Do you feel that the company has a clearer focus on its future direction?

Kashio: We have always had a clear focus: our business is directed to the global market, so it is necessary for us to follow quite closely trends in the world, and to foresee problems such as trade friction, exchange rate movements. and the like. So, we have to deal with these problems, and also produce and distribute our products where the final demand is.

We at Casio have always taken pride in the fact that we have been successful in launching new products based on our own original technology developed in-house. Clearly, this will remain a cornerstone of our approach to the global market, as we seek to make a contribution to the societies in which we operate. Our company motto is "creativity and contribution" and it is our aim to live up to this sentiment as far as possible.

CASIO,

CASIO COMPUTER CO., LTD. 2-6-1, Nishi-Shinjuku, Shinjuku-ku. Tokyo 163, Japan Telephone: (03) 347-4712 Telex: J26931 CASIO

CASIO ELECTRONICS CO., LTD. Unit 6, 1000 North Circular Road. Telephone: (01) 450-9131

The negotiations between Bonn and East Berlin would have to take place under the aegis of the three Western Allies in Berlin and the Soviet Union. They remain responsi-ble for all civilian and military

flights in the three air conti-dors between West Germany and West Berlin.
An offer by the Western allies in December 1987 to open talks on improving the air traf-fic situation in and around Ber-lin was rejected by Moscow. But East Germany, in particu-lar, is said to be keen to get the

inner-German talks The East Germans are reportedly anxious to obtain permission for westbound might help bring the Soviet flights across the East-West Union to the negotiating table.

approval of the Four Powers

German border for Interflug, their national carrier. Planned scheduled flights by Interfiug and West Germany's Lufthansa to cities in East and West Germany would other-wise be forced to use a circu-itous and costly flight path -entering from the Baltic Sea and Czechoslovakia - in order to avoid the Berlin air corri-

dors which may only be flown by Allied and Soviet aircraft. Both East Germany and West Berlin are interested a proposal to shift the city's international flights to Schöne-feld just outside Berlin. The new West Berlin coalition government of Social

Democrats and Greens has scrapped plans to expand the growing opposition to noise pollution. East Germany would receive West German aid in expanding Schönefeld to handle the added

Western traffic which would bring the East badly-needed hard currency.

The biggest unresolved question, however, is how soon the Soviet Union will agree to the talks. The recent agreement with Moscow by Lufthansa to expand Moscow's Sheremetyevo 1 Airport and to study the possibility of leasing the giant Soviet Autonov 124 Rus-lan aircraft for oversize cargo

OVERSEAS NEWS

Indonesia's becaks - public bane or boon

John Murray Brown in Jakarta looks at the dilemma over a tricycle transport system

Summary Financial Statement as of December 31, 1988

Assets	Balance (in million		Liabilities
Liquid Assets: - Cash, Balances on Postal Cheque	_	Liabilities to Banks at sight (incl. those maturing within one month)	5,454
Account and with Central Banks	1	Liabilities to Banks for agreed periods of more than one month	6,407
Balances with Banks at sight (incl. those maturing within one month)	5,515	Current Accounts and Deposits: - Current Accounts (Incl. deposits maturing within one month)	3.178
Balances with Banks for agreed penods of more than one month	6,855	Deposits (agreed periods of more than one month)	2,933
Bills of Exchange	178	Debentures	43
Other Advances	4.815	Miscellaneous	281
	,,,,,,	Subordinated Loan	29
Securities	2,431	Capital and Reserves	670
Miscellaneous	266	Provisions for Contingencies and Depreciation	1,330
Fixed Assels	304	Profit and Loss Account: - Profit for the Financial Year	40
	20,365		20,365
Profi	t and Lo	ss Account	
Expenditure	(in million	of DM)	Revenue
Interest and Commissions	990 .	Interest and Commissions	1,068
General Expenses	49		
Provisions for Contingencies	186	Other Income	198
Depreciation	2	Selecce of Devices to	

The itemized Balance-Sheet and Profit and Loss Account will be published in the "Mémorial-Recueil Spécial des Sociétés et Associations du Grand-Duché de Luxemboura*.

Other Expense:

Profit for the Financial Year

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ease of Provisions for

encles and Depreciation

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"EXPLOITATION of man by accounts but a man who man" is how Jakarta Governor strongly advocates the rule of

man" is how Jakarta Governor Wiyogo Atmodarminto describes the "becak," Indonesia's three-wheeled pedicab. Today, if the bureaucrats at City Hall have their way, this tricycle transport sys-tem - first introduced when the occupying Japanese army ran out of horses - could be banished from the capital by 1993 as part of the city's

The issue arouses considerable public interest. City politi-cians seen to talk of little else. Whether its the traffic congestion, the city's chronic over-crowding or the rising tide of

lawlessness, the becak it seems is a ready-made culprit.

However, economists - including the World Bank - argue that becaks and other informal sector activities provide a valuable safety net at a time of job scarcity, government budget cuts and sluggish economic growth.

Jakarta's ills are typical of many cities where the provi-sion of public service has been outstripped by the growth in population. Today's population is officially given as 7.5m, but is perhaps closer to 9m. Yet less than half the city's residents enjoy mains water supply. Transport and telephone services seem to get worse by

A study of the Jakarta slums shows that 18 per cent of the consumption of the lowest income groups still derives from subsistence activities – catching fish in the canals, raising livestock on small plots of wasteland and using refuse material to build a

Clearly it poses a delicate problem for central planners in the government, who have long held that the public - not the private - sector is the great economic provider.
On the other hand a more

accommodating policy towards the informal sector is hardly likely to please Jakarta's mid-dle classes, now feeling the first pinch of the government's

new tax regime.

Leading the assault from
City Hall is Governor Wiyogo,
a reluctant politician by some

A refreshingly straightforward public servant, Governor Wiyogo has already challenged the children of senior ministers on a number of well publicised

city planning disputes.

He has vowed to clean up
Jakarta's beggars and
vagrants, and is busy planning
a new zones system to ease the city's horrendous traffic prob-lem. Banning the becak, he says, is only part of the plan. In some ways the growth of Indonesia's black economy repindonesia's black economy represents a clear failure of the political system. The latest city blitz comes at a time when an estimated 40 per cent of the country's 175m people make a living providing each other with meagre goods and ser-

In Jakarta the sector has flourished in precisely those areas where governmentfunded programmes have broken down. For example, in many of the city's poorer dis-tricts where there are no stand pipes, drinking water is now trucked in by local business-

The becak operates in nar-row sidestreets where the larger exhaust fuming minibuses cannot go. Also, Jakar-ta's highly developed privatised garbage disposal system, which employs thousands of street litter pickers, would be the envy of many conservative councils in the UK.

A report on the becak by a group of Harvard economi advising the Indonesian Finance Ministry urges the government to think again. It concludes the becak offers a cheap, efficient and pollution-free service for the sick and elderly, housewives doing the shopping or children going to

The Harvard Group calculated a becak rider earns as much as Rp140,000 (\$79.2) a month. This is equivalent to more than twice the \$500 yearly income of the average Indonesian. Moreover the savings he sends back to his village play a vital part in help-ing to reduce the appalling disparity of wealth between urban duction of new becaks was pro-

Becaks, the backbone of the urban poor's transport and services system, face a ban by 1993

and rural communities. Ironically, Jakarta's alarming problem of overcrowding is partly the result of earlier sucses in the agricultural sector. Now farm technologies have allowed Indonesia to reach self sufficiency in rice the basic staple. But as a result there has a sharp drop in real levels of rural employment adding to the flow of landless migrants heading for Jakarta. Back in 1971, Jakarta was declared a closed city. Identity

cards were introduced. There were police raids, and shantytowns were burnt down. Pro-

manufacture forbidden, no new licences were issued and spe-cial areas were established. From a high of 130,000 in 1971, the number of authorised becaks in the city had dropped below 10,000 by 1979.

After a shortlived reprieve, Jakarta's becaks are now under attack again with around 85,000 confis-cated - 50,000 of them uncere-moniously dumped in Jakarta

For all that, government fig-ures suggest that yearly migra-tion from the villages has

spare part never fallen below 80,000. Today Governor Wiyogo points out it is more like 300,000.

The city administration is offering the becak riders a retraining programme together with the possibility of arrest or forced resettlement for those who dely the rulings. But even senior officials admit city hall

is desperately short of funds. "If we're successful in our development programme, then we attract outsiders," says Governor Wiyogo. "But Jakarta is our capital city, and as a capital city it's the responsi-bility of central government



The high points of another outstanding year

"1988 was, without doubt, the best ever year for Cheltenham & Gloucester Building Society. The main objective of the Society remains that of providing loans for house purchase and in 1988 mortgage lending reached a record level of over £1.4 billion. This tremendous success in the Society's core business activity produced a substantial growth in assets and meant that at the end of the year Cheltenham & Gloucester moved from tenth to ninth position in the league table of building societies by asset size.

Asset growth and size are not of course the only measure of successful building society performance. Accordingly, I am delighted to be reporting that in 1988 the Society produced equally impressive results in terms of profit growth, capital strength and operating efficiency."

Stephen Price FCA President & Chairman Annual General Meeting 26th April 1989 Cheltenham & Gloucester Building Society

Cheltenham & Gloucester Building Society

Chief Office: Cheltenham House, Clarence Street, Cheltenham, Gloucestershire GL50 3JR, Telephone: (0242) 36161. For a copy of the Society's 1988 Annual Report and Accounts please write to Geoffrey Williams, Assistant Secretary at the above address.

Tamil talks prompt review of Indian support for Sri Lanka

By David Housego in New Delhi

THE INDIAN Government is accord. Indian withdrawl is intended reviewing its policy of military liadia fears that the talks to remind Sri Lanka that the result of its concern over the opening of talks between President Ranasinghe Premadasa and the Tamil Tigers, the major Tamil guerrilla move-

ment in the north. Mr Rajiv Gandhi, the Indian Mr Many Gandm, the Indian Prime Minister, spoke of the possibility of India withdrawing the "bulk" of its peace-keeping force as soon as possible. Mr S.K. Singh, the Indian Foreign Secretary, is to visit Colombo to assess changes in Sri Lanka nolicy and to prese Sri Lanka policy and to urge President Premadasa to press ahead with implementing the existing Indo-Sri Lankan

Tigers of Tamil Eelam (LTTE) could legitimise the Tigers while undermining the newly created north-east provincial council headed by the more moderate Tamil leader, Mr V.

Mr Perumal, leader of the Eelam Poople's Revolutionary Liberation Front (EPRLF), came to power as a result of November's elections, boycotted by the Tamil Tigers. He has the support of India whose 50,000 peacekeeping force is fighting the Tigers. Mr Gandhi's threat of an

the Tigers a free hand in setting up a separate Tamil state in the north.

As a counterweight to this threat, the Indian Foreign Secretary will aim to intensifying the Sri Lankan Government's support for the north east provincial council. The Indians want to see it given more autonomy as envisaged in the Indo-Sri Lankan accords.

Sri Lankans are suspicious that India has stopped short of eliminating the Tigers as a way of maintaining a footbold in their country.



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not usurp

HK banks'

A SENIOR Peking government official yesterday pledged that China's two main banks – the People's Bank and the Bank of

China — would not try to usurp the role of the Hongkong and Shanghai Bank and other financial institutions after the British colony reverts to Chinase comparisons in 100.

nese sovereignty in 1997.

Lu Ping, one of China's top two officials involved with Hong Kong's affairs, gave the assurance in a specially arranged speech to Hong Kong businessmen, which was unusually delivered in English

unusually delivered in English. His aim was to curb a possible loss of international confidence

over fears that China will upset Hong Kong's autonomy

and prosperity after 1997. Peking expected Hong Kong

to become more prosperous, he

said. "In this case, there is no need for us to interfere."

China did not intend to set

up a branch of the People's Bank in Hong Kong "playing the role of the central bank." The Bank of China, which is building a dramatic new office

block towering over the finan-cial centre, would also not "take the place" of the Hong-kong Bank, the colony's main financial institution.

It is significant that Lu Ping

used a public speech to set out these pledges, which in the past have generally been made

in private meetings. However

he is known to be on the lib-eral wing over Hong Kong's

future and his views have

sometimes been opposed by

He said China needed a pros-

role of

By John Elliott

Iraqis reap token spoils of war

Andrew Gowers looks at Baghdad's too-good-to-be-true changes

ISTENING to senior associates of Iraqi President Saddam Hussein Saddam Hussein's grip on the country is these days, you would think that one of the world's most brutal despots had turned into a mild-mannered democrat. The President, they say, flushed with what he sees as

victory in the eight-year war with Iran, is setting out to reward his people with greater freedom. The country-has a newly elected National Assembly with a mandata to estimical bly with a mandate to criticise incompetent ministers. The people are being exhorted to complain to the newspapers about their problems. Constitu-tional reforms have been prom-ised, involving the establish-ment of a multi-party system, larger powers for the Assembly, and eventual direct elec-tions for the presidency.

It is all, of course, far too good to be true. Iraq is not Algeria, where genuine grassroots pressure has brought about rapid liberalisation of a previously monolithic political system. If the atmosphere in Baghdad today is markedly less tense and gloomy than it was a year ago, that is because Iraqi soldiers have not for the last eight months been dying on the warfront, rather than
the result of any political gesture by the President.
In short, Saddam Hussein's
grip on the country is probably
firmer now than it has ever

been. The signs of uncertainty which initially followed last summer's ceasefire – includ-ing ructions within Saddam's inner circle after his son murdered a food-taster, and unconfirmed rumours of a coup attempt last November - have

been banished. Power continues to flow exclusively from the President's person. Insulting him or his family is a capital offence. Partly as a result of what is perceived as his war, when the people rallied against a common enemy, he has turned himself into the embodiment of

Peace-time is no occasion for relaxing the guard, least of all in a country with Iraq's under-lying religious and ethnic divisions. On the contrary, by holding elections for the rubber-stamp National Assem-bly at the beginning of the

UK seeks

over Kurds

BRITAIN has expressed concern about reports of Kurdish civilians being deported

from their homes in Iraq, and is trying to get its European

partners to exert collective

pressure on the Iraqi govern-

Brussels of the Middle East

Working Group - part of the European Political Co-opera-

tion process — the UK repre-sentative raised the issue of deportations from the towns of

Britain described the human

rights situation in Iraq as

"thoroughly unsatisfactury," especially in view of the fallure of the UN human rights

committee to discuss the mat-

ter at its recent meeting in

mal approach to Iraq on the

supported only by Denmark

tles with Iraq, although Mme

camps during her visit to Tur-key this weekend.

In the end it was agreed in Brussels only to ask the 12 ambassadors in Baghdad to

compile a report. This decision does not satisfy the British

Qala Diza and Ranya.

. .

By Edward Mortimer

probably firmer than it has ever been. Power flows exclusively from the President's person and insulting him is a capital offence. Partly as a result of what is perceived as his war, when the people rallied against a common enemy, he has turned himself into the embodiment of Iraq.

month. Saddam has set out to build another pillar of support for himself, alongside the army, the much-hated security services and the increasingly

services and the mcreasingly irrelevant Baath party.

The President would probably cite a number of reasons for maintaining the tightest of grips. For a start, peace with Iran has not formally broken out. The ceasefire that took hold last summer has not even been signed by both sides, and although it is not in danger of breakdown serious violations have been on the increase in recent months, largely as a result of provocation by Iran. Saddam is also mindful of Kurdistan. His controversial campaign last year to put down the Kurdish rebel-lion – involving the wide-spread use of chemical weap-ons and large-scale population transfers – may have suc-

ceeded for now in pacifying the mountainous north-east of the But the Kurds, many of whom have been resettled from their villages in new housing appended to larger Iraqi towns, are not likely to forgive or for-get their recent experience. And Saddam is not leaving anything to chance: Iraqi troops have been clearing all inhabitants out of a 30km security belt along the Iranian fron-

There is therefore no question of demobilising the 1m men still estimated to be under arms in Iraq. Recruitment to the militia known as the Peo-

national palace in Kuala Lum-pur, witnessed by his brother sultans and Dr Mahathir Moha-

Under Malaysia's constitu-

tional arrangements, the nine hereditary Malay sultans elect

one among themselves to be king every five years.

With 61-year-old Sultan Azlan as king, the first royal election cycle, started when

Malaysia became independent

from Britain 82 years ago, is

taken their turns to serve the

All the nine sultans have

now complete.

mad, the Prime Minister.

EC backing | By Wong Sulong In Kuala Lumpur



ple's Army - which often used to be carried out by press gangs - has been halted, and some elderly or sick soldiers may have been retired. But conscription for the regular army continues at the same level, and the treatment of deserters when they are found probably remains as ruthless

Apart from anything, it is open to question whether Iraqi society could stand the strains society could stand the strains of a mass demobilisation. The armed forces do, after all, account for something approaching half of Iraq's adult male population. However much their families may want them back, allowing soldiers to return in large numbers would be a heavy jolt for a system now used to employing women and cheap foreign labour.

The second reason why Saddam is not about to embark on

dam is not about to embark on even a token relaxation lies in the economy, which is suffer-ing more than anything in Iraq from an acute post-war hang-over. The initial burst of confidence which followed the dence which longwed the ceasefire has been eclipsed by a severe shortage of foreign exchange, sky-rocketing prices and increasing hardship for people on fixed salaries.

On the unofficial market in Kuwait, the Iraqi dinar has plunged to more than 25 to the plunged to more than 2.5 to the dollar, close to its record low

and less than one fifth of the Inflation is impossible to estimate, because the prices of

United Malays National Organ-

The new king and Dr Mahathir are known to have

strong differing views on many issues but it would be wrong to expect the relationship to be

The former king, Sultan Mahmood Iskandar, was a strong critic of Dr Mahathir

when he took office but by the

time his term expired he was on the best of terms with the

Malaysian king takes oath

SULTAN Azlan Shah of Perak state yesterday took his oath of office as Malaysia's minth Yang Di-Pertuan Agong, or king, at a simple ceremony at the national palace in Kuala Luminational post but one that has assumed considerable political importance in recent years in view of the bitter infighting within Dr Mahathir's ruling

flour, tea and rice are fixed with heavy subsidies, and other goods can be bought at special prices if you are one of the huge army of public

But rising prices - including a doubling in the cost of fruit, vegetables and eggs since price controls were lifted in 1987 as part of the Government's pri-vatisation drive – have been giving rise to open complaints. While middle ranking civil

servants find themselves having to spend perhaps two thirds of their monthly salaries on rent, the class of entrepre-neurs who were able to buy privatised agricultural assets have become millionaires, according to the Baath party

newspaper Al-Thawra.

In mid-April, the regime indicated sensitivity to this potential source of discontent by reimposing controls on food prices. An official statement, read over Baghdad radio, warned "greedy people" against exploiting consumers. Coming at a time when the

regime's programme of indus-trial and tourist asset sales appears to have quietly faltered, the move was a reminder that Iraq's commitment to encouraging the pri-vate sector has shallow roots. Such benefits as Saddam has bestowed on private business in the last two years, Saddam can also take away.

The essential problem, as one Baghdad-based diplomat put it, is that the President never ceases to tell his people that they resoundingly defeated Iran, but they have yet to see the fruits of victory. Nor are they likely to for the next four years at least, given Iraq's estimated \$40bn debt to countries outside the Arab world, its large standing army and its heavy reconstruction

Not that their political expectations can be that high.

lraq's 16m people are used to being ruled harshly, and are probably as bemused as outsiders by their President's recent attempts to cloak himself in democratic legitimacy. The fact is that even gradual liber-alisation is virtually inconceivable in a system based so strongly on the prerogatives of

newspapers in their coverage

of the royal changeover have

emphasised the importance of

bar council has filed contempt

proceedings against Tan Sri

Hamid Omar, the lord president of the Supreme Court.

Members of the bar, who

voted overwhelmingly to cite Tan Sri Hamld for contempt,

believe he acted improperly

during the judicial crisis last year, which resulted in the dis-

missal of three senior judges,

including Tun Salleh Abas, the

top judge whom Hamid succeeded.

rime Minister.

The new Malaysian king is
Nevertheless, pro-Mahathir
also a former lord president.

Sultan Azlan sticking to his

Meanwhile, the Malaysian

perous Hong Kong which could only be achieved by "Hong Kong people ruling Hong Kong. It was not Peking's pol-icy "to export socialism to Hong Kong," nor to "apply socialist methods to the management of Hong Kong." Lu Ping is deputy secretary general of the Peking committee which is drofting the Basic

general of the Peking commit-tee which is drafting the Basic Law that will govern Hong Kong after 1997. He is in Hong Kong for two weeks with a del-egation from the committee which is sounding out local opinion before preparing the law's final version later this year. Some weeks ago Peking asked senior businessmen to asked senior businessmen to organise an event where he could speak in English.

Resignation of Thai official 'not political'

By Roger Matthews

SENIOR Government ministers and officials in Thailand are seeking to quash speculation that the resignation of the country's top economic plan-ner had been politically moti-

The decision by Dr Snoh Unakul to quit after nearly 10 years as secretary general of the National Economic and Social Development Board had not come as a surprise. It had been rumoured for some months that he wished to devote himself to longer-term planning projects.

Dr Snoh had built up a for-

midable reputation in Thailand and internationally as one of the main architects of the country's rapid economic growth. He had previously served as governor of the cen-

tral hank.
General Chatichal Choonhavan, the Prime Minister, praised Dr Snoh's devotion to his job but suggested that he may look outside the civil service for a successor.
Since the general election last summer, which brought an elected premier to power for the first time in 12 years, there

have been hints of conflicts

developing between the senior elite of the civil service and

Peking 'will | Mobil Oil plans to pull out of South Africa By Anthony Robinson

MOBIL OIL Corporation is poised to announce its decision to disinvest from its \$400m (\$235m) South African refinery and distribution operation in the face of pressure from anti-apartheid lobbies and the 1987 Rangel Amendment in the US which scrapped the taxation

This means that Mobil, along with the 131 remaining US companies such as Johnson and Johnson, Kelloggs, Caltex and Goodyear, have to pay US tax on their already taxed South African income.

According to banking and business sources Mobil's assets will be sold to Gencor, the mining, minerals, industrial and paper corporation controlled by Sanlaam, the Afrikaner financial, insurance and indus-

trial conglomerate.

Mobil is the sixth US corporation to disinvest from South Africa this year following Hewlett-Packard, NCR, Control Data, IMS International and RJR Nabisco. It brings to 190 the exodus of US companies since 1983.

Those remaining include Caltex which employs 2,100 people and has among its other assets a 34 per cent holding alongside Mobil's 47 per cent stake in the Southern African Oil Refinery Lubricating oils Oil Refinery lubricating oils plant. This is sited next to Mobil's 65,000 barrel a day oil refinery at Durban.

refinery at Durban.

Mobil's departure leaves Caltex exposed and also weakens the position of Shell and BP which are also under intense disinvestment pressure.

Mobil, which has been in South Africa for 92 years, employs 2,800 of whom over 1,500 are black. It has been in the forefront of black advance.

the forefront of black advance-

ment programmes.

In September 1986 it set up
the Mobil Foundation and
pledged to give R40m (£9.5m)
over five years for community development.
According to banking sources Mobil will lose heavily from the disinvestment, both in terms of purchase price and the fact that repatriation of funds will be through the financial rand at a heavy discount. The financial rand is currently valued at 24 US cents against 39 cents for the companying land.

against 39 cents for the commercial rand.

For Gencor, however, the Mobil purchase "fits in beautifully with our expansion plans in the energy sector." Mr Derek Keys, Gencor chairman, said yesterday.

While cautioning that the

While cautioning that the deal has not yet been finalised by either board, Mr Keyes explained that Gencor needed trained oil industry personnel in view of its heavy involve-ment in the Mossel Bay offshore oil-from-gas project, its oil exploration interests together with Soekor, the state oil and gas exploration com-pany and its longer term plans to build a R2bn oil-from-tur-banite shale refinery.



Chas Freeman of the US, left, with South African negotiator Niel van Heerden and Soviet delegate Vyachislav Ustinov, right, at Cape Town airport yesterday

Cape Town greets Soviet delegates

By Anthony Robinson in Johannesburg

SOUTH Africa yesterday greeted the first official Soviet delegation to the country since diplomatic relations were broken off in 1956.

Mr Vyachislav Ustinov, leader of the Soviet delegation, arrived in Cape Town on the same flight as a seven-man US team led by Mr Charles Freeman, the acting assistant secre-tary of state for African affairs. Hot on their heels were delega-tions from Angola and Cuba, Pretoria's former enemies, who are now being welcomed as co-signatories of agreements which led to the end of the war in Angola, the phased withdrawal of Cuban forces and opened the way to Namibian

independence.

The meeting of the five powers is the fourth since, at Pretoria's insistence, all the par-ties involved in the Angolan/ Namibian imbroglio agreed in Brazzaville last December to make the two superpowers joint monitors and, de facto, guarantors of the complex agreements finalised in New

York on December 22. The first meeting took place in Luanda, the second in Havana and the third, an unscheduled emergency meet-ing, at Mount Etjo gamepark in the Namibian bush earlier this month. The Mount Etjo meeting was called to discuss precisely the kind of unexpected and unforeseen hitch that the so-called Joint Commission was set up to tackle - a massive incursion of armed Swapo guerrillas across the Angolan/ Namibian border against the letter and the spirit of all

The Mount Etjo meeting confirmed the desire of all sides to press ahead with the timetable for Cuban withdrawal and Namibian independence under the terms of UN resolution 435. But once again Swapo, as ever the ghost at the banquet, refused to comply with the plan for its forces to give them-selves up to hastily established UN monitoring posts before being shipped back north of the 16th parallel, over 100 miles from the border.

the linked peace and independence process on track, South Africa and the UN task force (UNTAG) agreed a revised plan under which Swapo forces still in Namibia will be allowed unhindered passage to the bor-der while all security forces, including the feared former Koevoet(crowbar) counter-insurgency units, will be confined to base for 60 hours. The countdown began at 6pm last

In a last-ditch effort to keep

Yesterday, hours before the "truce" began, the security forces handed over to UNTAG units 31 captured Swapo guer-rillas for repatriation. Next month they, and all former ref-ugees, will be allowed back in the country, without their arms, to take part in the elecsams, to take part in the elec-tion campaign. Nearly 280 Swapo fighters have been killed over the last month. The main objective of this week's talks in Cape Town will be to cement relations between countries which a year ago considered each other as id logically political and military foes and are now co-guarantors

Swapo backs mixed economy

By Michael Holman

AN independent Namibia would have a mixed economy if the South West Africa People's Organisation formed the new government, Mr Sam Nujoma, the party's leader, has told a London business conference.

In a speech read on his behalf at a meeting last Friday organised by Business Interna tional, a London-based business newsletter and consultancy, Mr Nujoma said Swapo "acknowledges the superiority of the socialist system" but added that "in the immediate future a Swapo government will. . . opt for a mixed econ-

Swape is regarded by most observers as the likely winner of Namibia's independence elections, due to be held in November.

"A continued and significant role for the private sector is envisaged," said Mr Nujoma:
"No wholesale nationalisation of the mines, ranches or other productive sectors is planned in the forseeable future. . . in instances where exigencies of the economy necessitate state acquisition of private prop-erty, fair and adequate com-pensation will be paid."

Mr Nujoma was critical of what he called "widespread irregularities and abuses in the mining industry" includ-ing overmining and transfer pricing. Under a Swapo government transnational corporations "will have to enter into new deals . . . setting strict codes of conduct".

Minerals, mainly diamonds, uranium and copper, account ior 85 per cent of Namibia's

The industry is dominated by Consolidated Diamond Mines, part of the South African based De Beers group; the Rossing Corporation, con-trolled by the UK-based Rio Tinto Zinc Corporation; and Goldfields Namibia, controlled by Britain's Consolidated Goldfields through its South African subsidiary, Goldfields of South Africa. The compa-nies have denied allegations of malpractices in the mining Mr Nujoma added that

Swapo planned "a renegotia-tion of the agreements governing the mining sector to increase state leverage" and spoke of "a new tax regime (to) tap part of the mineral surpluses for investment in other sectors of the economy, particularly agriculture". He did not elaborate.

Turning to agriculture, Mr Ngioma said Swapo would consider the expropriation of "some land, particularly the unused land, to meet the land hunger of the indigenous pop-ulation."

Swapo had been holding meetings with a cross-section of the Namibian business community, said Mr Nujoma.

ADB president to step down

Prime Minister.

But Britain's suggestion that Spain, as current EC president, be asked to make a forsubject on behalf of the 12 was and Belgium. The opposition was led by France, which has close commercial and political Danielle Mitterrand, the wife of the French president, has shown interest in the plight of the Iraqi Kurds and has said she will visit Kurdish refugee the bank's board of governors annual meeting in Peking from May 4-6, where the issue of Mr Fujioka's management style

MR Masao Fujioka, the ADB's annual commitments to lend doubled to over \$3bn (£1.8bn) in 1988. An ADB statement said Mr Fujioka was leaving after "one of the most dynamic and expansionary periods in the bank's [22-year] history."

bers, notably the US and Australia, have criticised the bank for being slow in responding to the changing needs of diverse economies and for moving too slowly away from traditional project lending towards World Bank-style "balance of pay-ments support" tied to borrow-ers pursuing sound economic

The ADB has also increasingly struggled to ensure a net flow of resources away from the bank to borrowers as Asia's newly industrialised countries have stepped up loan prepayments and cancelled drawdowns. Although Mr Fujioka volunteered his resig-nation – in October he will be departure will remove a source of friction between Washington and Tokyo which was starting to grow out of proportion to other more important bilateral

president of the Asian Develop-ment Bank, has announced be will resign in October two years before his term expires. The decision has taken officials by surprise but is unlikely to alter the bank's direction or weaken Japan's dominance of management.

Japanese and US directors welcomed the timing of the announcement in advance of

was expected to have been an issue. Mr Fujioka has presided

65 - some observers say his started looking for a replace-

Officials in Tokyo have

over eight years when the their political masters. Peking students prepared for the worst

Peter Ellingsen on the demonstration taking place today in Tiananmen Square

believed would be a massive detachment of police and army troops this

we're going to protect ourselves as best we can," he said. "I don't personally agree with this course of action, but since the decision has been made, I'll be there. I'm not afraid, and neither are most of my classmates. I'm ready to go

to jail for this movement.

Chen, a 22-year-old post graduate student at Peking University, is associated with the student leadership that yester-day decided to defy the Consumers. day decided to defy the Government

strike and maintain their campaign for political reform. Posters at Peking,

their response and judging by yester-day's editorial in the People's Daily they were in no mood to compromise. According to the editorial, the newly formed student unions at several universities were "illegal organisations", formed to "fabricate rumours against the party and state leaders" after the death on April 15 of former party leader Hu Yaobang.

sacked in the wake of student unrest in late 1986, sparked widespread demands by students and intellectuals for greater democracy, a review of Hu's record, press freedom and checks on the bank accounts of Chinese leaders and their The People's Daily editorial said the

student protests violated the constitution and were designed to challenge party authority. "Their purpose," the editorial said, "is to poison people's minds, create national turnoll and sabotage the nation's political stability".

he pro-government Peking municipal students federation yesterday declared the new student unions formed by protesters to be illegal. The federation said the establishment of the "so-called" student organisations did not comply with the law and were not approved by the

However, he said: "About 90 per cent

of students remain on strike, and we will continue until we achieve some sort of effective dialogue with the lead-ers. Last time [in December 1986 when protests were ended by police] we lost but this time we intend to win," said a 20-year-old Qinghua university under graduate. Students at his college and others in the capital would join today's march. "We're not afraid because we know what we want," he said. "We are not opposed to the party, we want to purify it and ease it toward democratic

student demands, he would prefer to continue the strike without a demonstration that might result in many serious injuries. But, he said, he and his colleagues would march in support of the decision of the majority of student

"Our parents support us," he explained, "but they are afraid that we will be hurt by the police. We think what we're doing is for the sake of freedom and justice. We must make a stand even though it will be very dan-

in Mauritania racial clashes

clubbed to death at least 22 people and wounded 700 in two days of attacks against Senega-lese living in the Mauritanian capital of Nouakchott, hospital officials said yesterday, Reuter reports from Nouakchott.

of neighbouring Senegal, where Mauritanian traders and shops have been attacked since Saturday.

wanted to leave. Over 300,000 Mauritanians, many of them small traders, live in Senegal, while 30,000 Senegalese, mostly seasonal workers, live in Mauritania.

of a fragile peace. At least 22 die

The violence in the two countries on the edge of the

government, which believes that pressure should be put on Iraq to clarify the situation as a matter of urgency. Iran names spy

ring members

IRAN yesterday named high-ranking officers and a senior foreign ministry official as being members of a US espi-onage ring, the exposure of which was announced last week, Reuter reports from Nicosia. Mr Mohammad Mohammadi

Reyshahri, the Intelligence Minister, told a Tehran news conference that Bahman Agaei, foreign ministry expert on legal affairs, had been working for the US Central Intelligence Agency since 1983, according to the Iranian news agency IRNA. He also named Brigadier Ardeshir Ashraf, colonels Bahram Ikani. Ali Gilani and Masoud Babaei, Commodore Kiyanush Hakimi and captains Touraj Riyahi and Ghahreman

Malekzadeh as the senior offi-

cers in the ring.

HEN WEI, one of the handful of young men directing China's 10-day-old campus rebellion, expected to be jostled, struck, even jailed when Peking students faced what many Peking students read the editorial in Peking students read the editorial in

ment of ponce and army troops this morning.

Standing yesterday in balmy spring sunshine at Peking university's quadrangle. Chen (not his real name) explained there was no turning back from what was expected to be a confrontation with a Communist Party that had so for refused to listen to student

had so far refused to listen to student demands for democracy.

"We are ready to make a peaceful protest, but if the authorities use force

was expected to bring thousands of stu-dents into conflict with police.

Peking students read the editorial in the official People's Daily yesterday branding their continued pro-democ-racy demonstrations as "illegal" and "reactionary" but resolved to stay on Qinghua and other universities in the capital called on students to ignore Communist Party criticism and assemble with banners at campuses at 8am today for a march into Tiananmen

China's leaders met last night to plan

The passing of Hu, a liberal reformer

According to student leaders like Chen Wel, the editorial and the declara-tion by the federation were an attempt at intimidation.

reform."
Chen Wei said that though he backed

RIOTERS stabbed, stoned or

Troops were out in force in the city and in Dakar, capital

Sahara desert was sparked by a border shooting over disputed grazing rights on April 9 but has been fuelled by underlying economic and racial ten-sion. Both governments appealed for calm and began repatriating victims who

WORLD TRADE NEWS

BAe picks French Testing time for UK's defence 'sale of the century' missile partner, shuns Marconi

By David White, Defence Correspondent

BRITISH AEROSPACE has turned to the French state company Thomson-CSF for the "seeker" on its latest mediumrange air-to-air missile in place of its traditional supplier for missile guidance systems, GEC-Marconi of the UK.

The deal, including co-funding of the project, is the first fruit of a collaboration agreement which BAe and Thomson-CSF announced last December. The following month GEC-Marconi linked up with Theorem's Franch comwith Thomson's French competitor, Electronique Serge Dassault (ESD), hoping to restore its chances of participating.

Despite its setback in the BAe missile project, the Active Sky Flash, Marconi will still be participating with ESD in the seeker for the Matra MICA (Missile d'Interception et de Combat Aérien), designed for use on France's planned Rafale fighter and a competitor for the Active Sky Flash on the

world market.

This will result in a novelty in the defence business, and a clear illustration of growing arms collaboration between Britain and France: two Anglo-French systems compet-

ing against each other. Seekers form a major cost element of a missile system. The potential market in the US and Europe alone is estimated at tens of billions of dollars. The BAe missile is being developed for export. Among obvious potential markets would be in Saudi Arabia for the air-defence Tornado air-craft being bought under the country's £15bn-plus arms agreement with the UK.

The missile is based on the Royal Air Force's current Sky Flash, itself a BAe development of the US Sparrow missile, with a Marconi semi-active homing system. A semi-active system requires the aircraft to illuminate the target with its radar, whereas an active system homes in by itself and allows several targets to be engaged at once. The original Sky Flash has been sold to both Saudi Arabia

and Oman. It is also in service in Sweden, which is likewise planning a replacement. The UK has no military requirement for the new "fire and forget" missile, since it is taking the US-developed Amraam (Advanced Medium-Range Air-to-Air Missile)

Andrew Gowers, Middle East Editor, examines the outlook for Britain's huge Saudi Arabian arms deal

HE next few weeks will provide two opportuni-ties to gauge the health of what has become a vital commercial relationship for Britain, its trade with Saudi Prince Sultan bin Abdul Aziz, the Saudi Defence Minis-

during May to review progress in Britain's "defence sale of the century" – the multi-billion pound deal involving Tornado and other aircraft, mine-hunt-ers and base facilities which was initiated in 1985 and expanded last July. Later, towards the end of the month, Saudi and British businessmen are due to meet in Jeddah to discuss British investments in Saudi joint ventures to offset part of the value of the Tornado deal, known as Al-Yama-mah. The latter encounter may be just as important as the for-mer for the future of UK-Saudi trade relations.

Offset requirements have for

some time been part of Saudi Arabia's arms procurement policy, and something of a headache for those doing business with the Kingdom. British officials and businessmen are currently in the early stages of just such a headache as they puzzle out how to implement a programme which is supposed to generate at least Libn of British investment in Saudi

Arabia into the 21st century, or

the equivalent of 25 per cent of the UK technical content (new hardware) of the Tornado deal. A lot is at stake. Unlike Boeing of the US, which has a contractual commitment to offset 35 per cent of the technical content of its Peace Shield air defence project, Britain is not under any binding offset obliter, is expected to visit London gation. During three years of arduous negotiations with the Saudis, the UK Government

fiercely resisted any attempt to

create such a requirement, saying it could not force UK companies to invest.
The eventual result was a memorandum of investment signed last November by Prince Sultan and his British counterpart, Mr George Younger. This sets out the procedures under which both gov-ernments, through offset com-mittees and secretariats set up by their respective defence ministries, are to encourage their companies to come together in profitable joint ven-tures. It is more flexible than

jects and which has been slow to get off the ground.
But Saudi officials have left
their British interlocutors in no doubt that they will attach considerable importance to ful-filment of hard-won offset promises. It is conceivable that a failure to meet such expecta

the Peace Shield offset pro-gramme, which focuses on high-tech defence-related pro-

tions could have an impact on the implementation of the arms deal itself. What worries a number of senior businessmen and officials in London is the fact that there is little tangible evidence of progress to

It is, of course, early days. Ahead of the formal launch of the programme in the Kingdom at the end of May, Saudi businessmen express considerable curiosity about what will be on offer. Nor is it particularly surprising that either Government is taking some time to get to grips with such a

large-scale operation.
Working in the programme's favour is the fact that British

tors for the Al-Yamamah profect will no doubt be encourag-ing their subsidiarles and their suppliers to get involved.

But when it comes to persuading other companies to join, a number of nagging con-cerns persist, both on the Brit-

ish and Sandi sides: • Senior businessmen in the UK and Saudi Arabia, along with officials of British Government departments other than the Ministry of Defence, wonder why the UK end of the offset programme is being pursued in such secrecy. Those close to the offset office, the self-styled "marriage broker" for potential joint venture partures along that diameter to ners, claim that discretion is

necessary because the Saudis

have requested it, and for rea-

sons of commercial confidenti-ality. The Ministry of Defence appears particularly anxious to ensure that Britain does not lose viable projects, in a market which is not exactly overflowing with them, to other would be investors. Others fear that by keeping publicity for the programme low-key, the Government is falling to get the message about investment opportunities across. "How are we going to convince the boardrooms of Birmingham to come up with cash if they are not being given adequate information about the programme?"

asked one senior business representatives Many of those businessmer

who are in the know worry about the bureaucratic difficulties which often arise in the Kingdom. The financial incen-tives to invest in Saudi joint ventures are potentially very attractive indeed, but many investors have in the past found the Government's red

tape stifling.
The Saudi-British memorandum is supposed to bring about a major streamlining of these procedures: it sets a time limit both for initial approval of pro-jects and for their final licenc-ing; given that the approval process is to be carried out entirely through the Saudi off-set committee itself, it also the-

oretically obviates the need for investors to pursue a laborious paper trail around Saudi minis-tries. But not everyone is convinced. Some Saudi merchants and British companies suspect that the offset committee will merely add another layer of bureaucracy, and would thus prefer to pursue their projects independent of the offset pro-

 There still seems to be some doubt on the Saudi side as to the seriousness of British com-mitment to the offset pro-gramme. Saudis repeatedly point to the fact that the UK Government is providing no financial incentives or tax breaks to encourage British companies to get involved. They mutter that Britain seems reluctant to give much in return for the large profits it is making on the Al-Yamamah

This argument may be quite unjustified in the light of the activities of the Offset Office. A lack of financial incentives is almost certainly not the central problem to investing in Saudi Arabia.

But the fact is that such views are still being put for-ward, and could lead to unfortunate misunderstandings in the future. Mrs Margaret Thatcher will have to work hard to dispel the impressi-during Prince Sultan's visit.

order and 75 option) from

That Airways has ordered

four aircraft from the Franco-Italian consortium Avions de Transport Regional (ATR) and

a further two from British

No price was given for the ATR order, which comprises two ATR 42-320 and two ATR 72 planes, to be delivered in October 1990 and January and February 1990 respectively.

February 1990 respectively. The planes will operate on Thai domestic networks, repla-

Aerospace. Reuter reports.

seven customers.

EgyptAir announces \$450m Airbus order

By Tony Walker, in Cairo

EGYPTAIR is to buy seven more Airbus jets costing \$450m as part of the rapid expansion and modernisation of its fleet. Egypt's national carrier has now ordered 14 aircraft from Airbus this year.

The latest order, for A300cook jets, has been prompted by the rapid growth in Egypt's tourism and the ageing of the existing fleet. Egypt'Air, Airbus Industrie's largest customer in the Middle East and Africa, already has seven A300B4 jets and leases two A300-600s. Yesterday's announcement indi-cates that EgyptAir is moving away from Boeing which had hitherto provided the core of

EgyptAir has selected the International Aero Engines Company's V2500 engine for its Airbus A320-200s, Mr Nick Tomassetti, IAE president, said The order is worth \$120m.

Mr Tomassetti said this brought the total order book

cing Shorts 330 and 360 craft. ATR includes Aeritalia and Aerospatiale. The BAe order, worth £50m is for two BAe 146-300 regional aircraft, to be delivered in November and December.

Thai Airways has already acquired two 146-300s which it plans to bring into service in May and June. BAe's latest contract brings to 156 the number of firm

\$2bn for 180 A320s (105 on firm worldwide. Phoney peace breaks out in US-EC clash

By Nancy Dunne in Washington

over farm trade

PRESIDENT BUSH'S exhortion to "rise above fighting about beef hormones" and other "pettiness" with US allies has succeeded in reducing the decibel level of the US-EC disputes

over agriculture trade.

But despite the calmer tone of late, negotiators have yet to resolve the conflict over farm trade between the two regions. In the dispute over the EC's beef hormone ban, the US and the EC have thus far only delayed an escalation of the row. A task force was given 75 days to find a solution, but the only agreement in sight apparently is to extend the period of negotiations beyond the May 4

The two sides are only now liscussing the structure of the talks. Mrs Carla Hills, the US trade representative, says there has been "some movement to some small middle ground" and there is a sugges-tion that the EC is willing somehow to boost its export of

wariety meats.

The US has rejected efforts by states to set up their own meat hormone inspection meat industry has resisted agreeing to set up a national certification system for hormone-free beef, insisting that it would be too difficult.

More important, there is the fear that caving in on the prin-ciple - that food safety should be determined by scientific evidence — would give an opening to Japan to sidestep its promise to open its market to US

Mr Clayton Yeutter, the US Agriculture Secretary, has not budged from the position he held as Trade Representative, that there is no scientific basis to support the Community's hormone ban. At a press conference on Monday he said the US must run risks in a conflict

over \$100m of trade because "the principle is so important." If we permit that to occur, in the European Community or elsewhere, then we've opened up a gigantic loophole in the Gatt which will result in major impediments to agricultural trade throughout the world for years to come." vears to come."

Meanwhile, time is running

out on another farm trade dis-pute over EC oilseeds subsidies. Soyabeans and soyabean products are collectively the largest American export crop with sales of about 57bn a year. About half of the crop is exported each year with about 40 per cent of the exports going to the EC.

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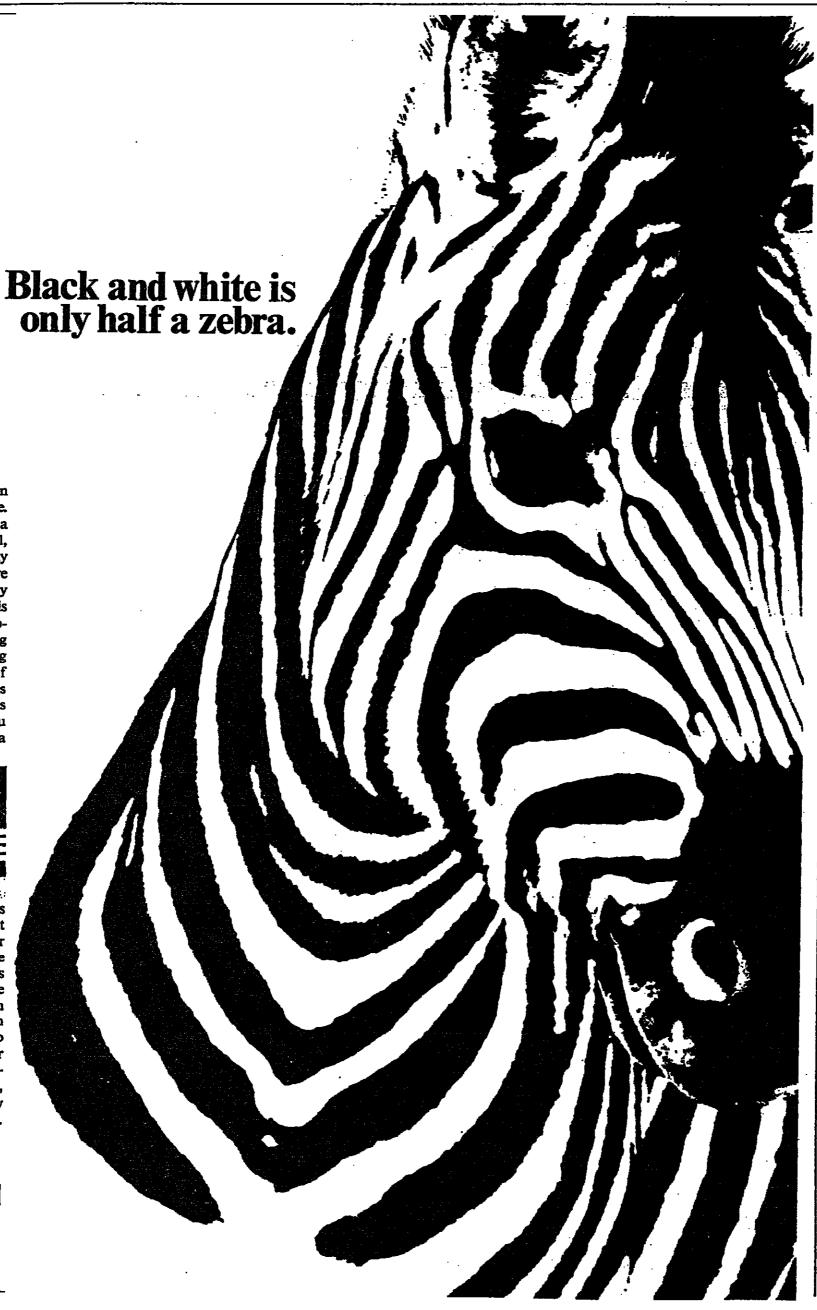
The American Soyabean Association (ASA) first filed a complaint against EC oilseeds subsidies in December, 1987, contending that the payments to processors and farmers nullify and impair the duty-free access granted to US oilseeds in General Agreement on Tarin General Agreement on Tar-iffs and Trade (Gatt) talks in 1962. The ASA has said US soyabean sales to the Commu-nity have fallen by \$1.4bn per year because the Community's subsidies boosted production subsidies boosted production by 300 per cent between 1981 and 1987.

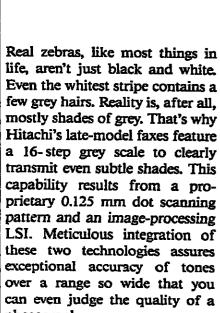
The EC has been blocking action on the complaint in Gatt. Under last year's trade law the US must initiate trade reprisals if there is no settle-ment by July 5. Mrs Hills has insisted that if the EC continues to stall on a settlement, the US will take "very strong

The agreement in the inter-national trade talks to start reducing trade-distorting subsi-dies starting in 1991 has raised hopes that ultimately rules governing farm trade will set-tle many of the time-consum-ing quarrels of recent years.

Speaking to agricultural journalists on Monday, Mr Yeutter acknowledged that "we emerged from Geneva with no commitments of any consequence whatsoever to our farm community in the short run...There are no commitments by the European Community in 1990 that are meaningful either."

One agreement that promised near-term results in Geneva was the strengthening of the Gatt dispute settlement mechanism. The soyabean disputs may provide its first serious test of whether or not the US and the EC can reach agreements on farm trade that are any more than bandaids on







Whatever the product, from faxes and image processing equipment to home appliances and super computers, Hitachi has the same philosophy. This philosophy goes beyond incorporating in-house developed technologies. Each feature, major and minor, each device, on a macro and micro level, is designed with every other feature in mind. The result is indepth technological integration, guaranteeing the special quality which is the hallmark of Hitachi.



ECONOMIC growth in the US outside the farm sector slowed slightly in the first quarter, though inflationary pressures

remained strong.

The gross national product figures, published yesterday by the Commerce Department, were somewhat higher than financial analysts had been expecting, though growth may have slackened more during

the quarter.

Real GNP rose by 5.5 per cent at a seasonally adjusted rate in the first quarter of this year, after a 2.4 per cent rise in the previous three months.

However these figures were

However, these figures were substantially affected by a recovery of crop and livestock output to higher levels as the impact of last year's drought wore off. This pick-up added about 2.5 percentage points to first quarter GNP, having reduced the previous quarter's

rise by 1.1 points Consequently, the growth of non-farm output slackened from 3.5 to about 3 per cent at an annual rate. There were varying interpretations yesterday of how much of an under-lying slowdown this implied, though recent data for durable goods orders and housing starts has pointed to a slacken-

Yesterday's figures under-line the inflationary pressures

| Peronists call for dialogue to end crisis

By Our Correspondent in

Mr Carlos Menem, Peronist candidate for presi-dential election on May 14, has called on President Raul Alfonsin to start a national dialogue in order to help over-come Argentina's current economic crisis.

Mr Menem referred to Presi

dent Alfonsin's nationally broadcast speech of last Friday in which he called for an "orderly transition" of government following the vote. Mr Gilberto Montagna, head of the Argentine Industrial Union (which groups the country's largest manufacturers), has called for a national agreement between political parties to solve an economic crisis of such gravity as never before

seen in the country". Tension increased in Buenos Aires yesterday as more shops and supermarkets closed their relentless price mark-ups by wholesale suppliers. Dock workers staged a 24 hour strike in support of a 30 per cent claim to cover April, and postal workers are considering further strike action in sup-port of an immediate 50 per cent increase.

Army casts a shadow over Argentine poll

If Carlos Menem does not win, a rebellion cannot be ruled out writes Gary Mead

HE Argentine army's record of coup and counter-coup casts an inevitable shadow over the election of a new president on May 14, raising questions about its behaviour once the

result is announced. The armed forces have directly selected 13 of the 21 presidents since June 1943; and mostly from within their own ranks. Since the military deposed General Juan Peron in September 1955, nine different generals have moved into the presidential palace. The last

left only six years ago. But there is a new and for some a more alarming twist to what has been a fairly frequent blight on Argentine politics. The epaulettes and decorative sabres of generals are well inside the barracks; the restlessness comes from those who carry much less gold braid. Since Easter 1987 Argentina has experienced three serious

army rebellions led by colonels. The first two, under the control of now-cashiered Lieutenant Colonel Aldo Rico, were directed primarily at persuad-ing President Raul Alfonsin's civilian government to put an end to trials of officers alleged to have carried out torture and murder on a large scale during the "dirty war" of the 1970s. The last and most serious

mutiny came under the direc-tion of the more senior Colonel

December 1988 he clandes-tinely returned from a fouryear stint in Panama as a mili-tary attaché and later as instructor to General Manuel Noriega's troops.

He swiftly gathered 800 elite troops of all ranks, digging in at the Villa Martelli garrison, 30 minutes from the presidential palace. There he set out demands ranging much further than an end to military trials. He also asked for the promise of considerably improved pay and defence budget allocations; the reinstatement of all officers cashiered or forcibly retired for previous and current mutinous action; the sack-ing of then army chief of staff General Dante Caridi; and perhaps most important of all and of his supporters, a "revindica-tion" of their roles during both the "dirty war" and the Falk-lands invasion of April 1982.

Col Seineldin got his way with General Caridi, who resigned three weeks later. He is now waiting, in the relative freedom of a Buenos Aires barracks, to see what May 14 will bring. His hope is Mr Carlos Menem, the Peropist candidate, will win sufficient support to be Argentina's next Col Seineldin and Mr Menem

THE ISOLAN DIFFERENCE

IT'S BEING CONFIDENT IN THE KNOWLEDGE

THAT THERE'S A WINNING TEAM BEHIND YOU.

and armed forces into an ideohave already achieved an agreement which will give the logically homogeneous unit.

Moreover Col Seineldin and

Officers on guard in the rebellion led by Col Seineldin last year

colonel precisely what he wants. While still in Panama he was in regular communication with Mr Menem, whose ideals are very much in the tradition of old-style Peronism a strong Argentine state which welds workers, business

his supporters have an undis-guised loathing for the Radical Party, under whatever leadership. They argue it is is cor-rupt, tinged with left-wing ide-ology and has systematically run down the armed forces.

> In return, Mr Menem would receive support from that pow-erful portion of the military

which, although not prepared to rebel openly, is sympathetic to the nationalist principles which guide Col Seineldin's thought and deeds. But Mr Menem cannot take

much comfort from Col Seinel-din's backing. A senior rebel officer in close touch with both Colonels Rico and Seineldin, said: "For us, Menem is the least worst candidate. We don't much like him, but he is much better than the Radicals".

The official army view of the election is expressed by Gen Francisco Gassino, who replaced Gen Caridi as army chief of staff. At the start of this week Gen Gassino repeated a call he made soon after he was amointed that after he was appointed, that the army must stay neutral. The fact he has found it necessary to remind officers on more than one occasion they are supposed to be apolitical sugests there is cause for alarm. Gen Gassino's reminder is, however, unlikely to be taken to heart by the bulk of the army, which clearly demon-strated last December that it has greater respect for Col Seineldin than for senior generals appointed by a civilian head of state such as President Alfonsin. If what might be described as the "alternative army" candidate does not win the presidency on May 14, Argentina could rapidly find itself with a fourth rebellion on its hands.

its highs against the Japanese yen at Y132.20 and just below its peaks against the West Ger-man D-Mark at DM1:8785.

MEXICO'S foreign reserves have stabilised after falling 52 per cent to \$6.6bn at the end of 1988 from \$13.7bn in December 1987, the Banco de Mexico said

three times each year, and offi-cials routinely decline to give figures at other times. About \$2bn in flight capital is believed to have returned to Mexico in January and Febru-

The central bank said the heavy accumulation of reserves in 1987 was used to back the government's anti-inflation plan, by keeping the peso rate stable, which paid off in a reduction in inflation to 51.7 per cent from 159 per cent. Mexico's trade surplus fell to \$1.75bn in 1988 from \$8.43bn in 1987, with exports unchanged

cent at \$18.9bn. Exports were stationary because oil sales fell to \$6.71bn

in the US economy with the

GNP price index (on a fixed weight basis) increasing by 5 per cent in the first quarter, compared with a rise of 4.2 per

cent in the previous three

have been a slowdown in private consumer spending in the period, especially on durable goods, and in residential

investment, though continued strong growth elsewhere.

Levels of inventories or

stocks rose sharply, both in the non-farm and particularly the farm sectors. Non-residential

fixed investment also showed

the largest increase since the second quarter of last year.

a mixed reaction to yesterday's figures. The US Treasury bond

market retreated from early

gains of as much as % a point in reaction to the figures. At midsession, the bond market

was modestly lower with short maturities quoted unchanged

and the long bond down H

point for a yield of 8.96 per

The dollar dipped in an ini-

tial reaction to the figures but then recovered. At midsession,

the US currency was quoted at

US financial markets showed

in detail, there appears to

from \$8.63bn, due to the average price falling 23 per cent to \$12.30 per barrel. Non-oil exports rose 16 per cent to

The central bank said imports rose in large part because of increased food import requirements due to smaller domestic crops. It said consumer items rose 150 per cent to \$1.9bn but noted this accounted for just 10 per cent

The 1988 current account balance of payments swung into a \$2.9bn deficit from a

to start strike

By Veronica Baruffati

THE Peruvian Federation of Miners, Metallurgical and Steel Workers is due to begin a 72the Government's failure to comply with the agreement reached with the miners at the end of the last strike on December 12 last year.

The 80,000 miners are demanding the recognition of their right to present industry-wide demands, and the reinstatement of miners who were dismissed during last year's two strikes and the awarding

of holiday benefits.

Miners are also demanding an inquiry into the brutal assassination in February of former Federation president.

Mr Saul Cantoral, which has been established by the miners. been attributed by the miners to the Commando Rodrigo Franco, a death squad linked to the ruling American Popular Revolutionary Alliance (APRA)

Federation leaders have requested more information on the circumstances surrounding the deaths of other miners union leaders this year.

By Joseph Mann in Caracas

wave of price increases and memployment.

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Mexico's foreign reserves stabilise

in its 1988 annual report. Renter reports from Mexico City.

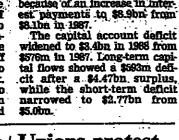
Mexico publicly announces its foreign reserves figure only

ary of this year. Bankers said Mexican because of their implication for the \$7bn financing gap cited by Mexico in its debt talks with

of the total.

\$3.97bn surplus in 1987, in part because of an increase in interest payments to \$8.9bn from \$8.1bn in 1987. The capital account deficit

\$576m in 1987. Long-term capi tal flows showed a \$593m defi cit after a \$4.47bn surplus while the short-term deficit



Peru miners due | Unions protest in Venezuela

VENEZUELA'S most powerful labour group, the Federation of Venezuelan Workers (CTV), has launched an aggressive public campaign aimed at softening the economic adjustment programme implemented by the administration of President

Carlos Andres Perez.
The CTV, which, ironically, is controlled by members of Mr Perez's Democratic Action (AD) Party, is openly confronting the administration, asserting that its "foreign-inspired" economic programme has unleashed an unprecedented

The union group has called a nationwide one-day work stop-page for May 18 to protest against the economic measures, despite a warning from President Perez that actions of this type could lead to "collec-tive suicide".

Venezuela signed a letter of intent with the IMF after announcing its economic plans, and hopes to obtain several billion dollars in support

Brazil poll favourite has yet to join the race By Ivo Dawnay in Curitiba

GOVERNOR Orestes Quercia, of Sao Paulo, is the only major figure from Brazil's dominant Democratic Movement Party (PMDB) capable of winning next November's presidential elections, according to the most comprehensive poll to

But only two days before the party's convention meets to decide its candidate in Brasilia, the reticent governor is con-tinuing to pledge his support for the PMDB's veteran leader, Mr Ulysses Guimaräes universally written-off by polls and pundits alike.

According to interviews with a 10.400-strong sample of elec-tors conducted by the Folha de Sao Paulo newspaper Mr Quercia - should he run - would

command the support of 18 per cent in the crucial first round of a 10-candidate race. Brazil's new electoral system for the first free presidential poll in 29 years follows the French model with a second round run-off between the two candidates with the most votes.

If the governor declines and Mr Guimaraes wins the nomination, the party president would come a poor fourth with just 7 per cent of the vote. The biggest shock in the poll is the continuing rise in popularity of Mr Fernando Collor de Mello, the young governor of the tiny north-eastern state of Alagoas, who has earned a nation-wide reputation for sacking or cutting the wages of

local bureaucrats.

Res

dence to be provided in this sensitive case which is already

sensitive case which is already provoking widespread com-ment in the local press.

Mr Mustapha Amin, an influ-ential columnist in the mass circulation Al Akhbar, wrote last week: "We don't care if the Fayed brothers started from

zero or they were the sons of pashas [noblemen]. All that we

care about is that the three

Egyptians have been able to buy the largest store in England."

Mr Salah al Fayed, one of the Fayed brothers, told the Finan-cial Times in Alexandria that the detectives had visited his

offices in Cairo but had not sought to interview him. Detective Chief Inspector

Graham Gooch and Detective Sergeant Ken Martin arrived in

Cairo on April 8 after receiving an offer of assistance from

Egyptian interpol. But the

police officers found that higher levels of the Egyptian

bureaucracy were unprepared for their arrival.

James Adams, the British ambassador in Cairo, to return

They were advised by Mr

By Tony Walker in Cairo

EGYPT is requesting further formal documentation from Britain before it will consider co-operating in a British police investigation into the background of the Fayed brothers, owners of the House of Fraser stores group, according to reports in the semi-official Al

Akhbar newspaper.
The reports said that Egyptian co-operation would depend upon on a formal approach from Britain's Attorney Gencairo has been acting as a channel for requests for assistance from Egypt's Ministry of

Two detectives from the Serious Fraud Office left Egypt late last week after making little progress in their attempts to assess the substance of the fayeds claim that they came from a wealthy ship-owning Alexandrian family. The brothers have insisted that they funded the £615m takeover of House of Fraser, which includes the Harrods store in London, substantially from their own resources.

The Egyptian Prosecutor General is also understood to be asking for additional evi**Insurers** to trade risks on screen

By Nick Bunker

TEN leading companies in the Lloyd's of London insurance market have agreed to begin trading insurance risks elec-

tronically next spring.

They will start a pilot They will start a pilot scheme, using a system called Contract Data Exchange, on April 1 1990, said Mr Robert Mackenzie, a director of the D.P. Mann Underwriting Agency, one of the companies. The agreement follows the creation by D.P. Mann of a prototype C-Dex system for screen-based interchanges of data on individual risks

data on individual risks between insurance brokers and Lloyd's underwriters. The system is the most radi-cal of experiments in the Lon-

don insurance market aimed at automating transactions. A Lloyd's information technology company called North-door Group will spend about £750,000 developing a produc-tion version of the system, said Mr Mackenzie, who is North-door's chief executive.

The participating companies include the four largest Lloyd's brokers: Alexander Howden, C.T. Bowring, Sedgwick group via its reinsurance subsidiary E.W. Payne and Willis Faber. Also involved are R.W. Sturge, the Merrett group and R.J. Kiln, three of the largest Lloyd's underwriting agencies.

UK car component companies face shake-out, says report

By Richard Tomkins, Midlands Correspondent

A SEVERE shake-out among Britain's 2,000 smaller automotive component makers is pre-dicted in a study of the indus-try published yesterday. The study, by Coopers & Lybrand, the accountancy

firm, has particular relevance after the decision by Toyota, Japan's biggest car company, to build a £700m assembly plant at Burnaston in Derby-

shire.
It says, however, that optimism among many UK component suppliers hoping to benefit from Toyota's arrival may be misplaced.
The study was for the West
Midlands Industrial Develop-

ment Association. Most UK car component companies are in the West Midlands. UK car production has risen by 30 per cent since 1984 and is cent by 1998, the study points out. At the same time, vehicle makers are increasingly buymanufacturing them.

But this apparently favourable background for the UK components industry is count-ered by the trend towards globalisation among vehicle and component makers, combined with continued world over-ca-pacity in the industry.

Vehicle makers have also adopted a strategy of reducing the number of their supplier companies. Ford, for example

companies. Ford, for example, is cutting back from 2,500 sup-pliers to 900 and Austin Rover from 1,200 to 300.

Car makers are seeking closer, long-term co-operation with these smaller groups of suppliers in developing new

This means that long-term prospects are poor for companies which do not have the resources to invest in extensive research and development.

The study says that technological and market changes offer exciting opportunities for big component suppliers with the resources to meet future challenges. But small compa-nies unable to respond will dis-appear, to be replaced by a new generation of multinational components makers and joint

Vehicle Components Sector Report: West Midlands Indus-trial Development Association, Chantry House, High Street, Coleshill, Warwickshire B46 3BP, abridged version free.

Anti-nuclear groups 'assisted by MPs' criticism of prices'

By David Flatfock, Science Editor

EFFORTS by British Nuclear Fuels to regain public confi-dence in nuclear power and restore the company's credibilrestore the company's creationity had been partly torpedoed by the parliamentary select committee on energy earlier this month, Mr Christopher Harding, BNFL's chairman, said in London yesterday.

In their report on his company's performance the MPs had provided a great deal of

had provided a great deal of ammunition for the anti-nuclear groups, Mr Harding told the annual lunch of the British Nuclear Forum, the trade association of the UK nuclear

industry.

Mr Harding also attacked last week's report on BNFL from the National Audit Office. which was aimed at the Department of Energy and not the company, he claimed.

He found it hard to understand how the Auditor-General

scand how the Audutor-General could censure BNFL for failing to meet some of its financial targets when it had achieved returns of 35 per cent and 28 per cent in the last two years.

Perhaps the auditors had failed the correlate that the the the county of the county o failed to appreciate that the sewere exceptionally high rates of return, because they were unused to seeing such figures from state-owned companies,

Mr Harding has just been reappointed BNFL chairman by the Government.

Despite what was implied in the two critical reports, nuclear fuel costs in Britain

was less competitive against some other fuels, particularly coal, was more to do with improved performance from coal than to any deterioration in nuclear performance.

Where nuclear costs had risen, this had been because of more demanding environmen-tal standards. But coal was beginning to face the same

Mr Harding said nuclear energy also suffered from lack on enthusiastic promotion by its proponents in Britain.

He specifically challenged the accusation by the Energy select committee that BNFL's prices had risen eight-fold in the last three years.

This was so only in the case of an activity accounting for less than one-thousandth part of the company's business, namely storage of radioactive waste at Drigg in Cumbria, be

Moreover, the strongest pro sure to improve what he called an unsightly but not unsafe operation had come from another parliamentary select committee, the environment

"Is it too much to ask that select committees should read each other's reports?", he

Mr Harding also dismissed what had been called "enormous" price increases for reprocessing, saying they had actually increased by 8 per cent at the most over the were not out of control, Mr actually increased by Harding said. cent at the most over The fact that nuclear power period specified by MPs.

Investors remain cautious

By Eric Short

INVESTORS have still not fully recovered their confi-dence in the equity market. This is main conclusion to be drawn from the March unit trust trading figures issued

There was steady buying of units during the month by

factory £806.7m, although this figure was some £170m below the sales figure for February and even lower than sales in March last year.

However, repurchases of units in March rose by some £110m on the month to £595.4m of units since March of last

in March amounted to just \$211.8m, the lowest so far this year, although still above the average monthly investment in 1988.

Swedish group buys UK debt collector

By Charles Batchelor

INTRUM Group, a Swedish company which claims to be Europe's largest commercial debt recovery business, announced yesterday that it is to acquire Unicol, one of the biggest British debt collection

companies.

Infrum also published proposals for reorganising the collection of commercial debt in Britain which it wants included in the review of the administration of civil courts headed by Lord Mackay, the Lord Chancelton.

Mr Bo Goranson, chairman of intrum, said: In Sweden we were instrumental in encourage.

ing the government to bring in new legislation on behalf of creditors. We are now con-cerned that Britain should improve its efficiency in debt enforcement if it is not to lose

gle European market. Intrum wants the debtor to be liable to pay the costs of recovering the debt to the creditor as is the case in many European countries. It wants commercial debt to be handled in just eight specialised county courts instead of the 270-plus courts which currently handle

such matters and for the ceil ing below which county courts have jurisdiction to raised from £5,000 to £50,000.

It also wants claimants to be able to appoint an agent other than a solicitor to act for them and for these agents to have the right of audience in a county court. Much debt work in the courts involves paperwork which could be more cheaply dealt with by debt-col-lection specialists rather than solicitors, said Mr Goranson.

UK companies wait on average 78 days for bills to be paid compared with 48 days in Germany. The cost of ineffective debt enforcement, including administration costs and extra interest charges, amounts on average to 5 per cent of a com-pany's turnover, intrum said.

Introm, which is listed on the Luxembourg Stock Exchange, was established in 1984 and now has debt collec-tion and credit management operations in 12 European countries. Intrum has sales of £25m and employs 475 people. Unicol, which is based in London, has turnover of £4m and employs 110 people.

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CORUM

INDIVIDUALLY MADE WITH A DEGREE OF SKILL AND CARE THAT BELONGS TO A FORMER TIME, CORUM WATCHES CARRY DESIGN INTO THE FUTURE. THE ADMIRAL'S CUP EPITOMISES THIS WITH UNUSUAL TWELVESTICED CASE AND THE ORIGINAL DECORATION OF VESIDED CASE AND THE ORIGINAL DECORATION OF ENAMELLED NAUTICAL PENNANTS DENOTING THE HOURS ON THE WATCH FACE.

POR A BROCHURE WRITE TO CORUM, 2001 LA CHAUX-DE-PONDS, SWITZERLAND ADMIRAUS CLP. NAME APPROVED BY ROYAL OCEAN RACING CLFB, LONDON

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THE UK'S

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its purpose-built terminal for exporting UK made cars to the EEC. ICI's Billingham wharves account for 400 ships a year. The Tees Offshore Base reaches into the future of offshore mineral exploitation through its advanced subocean technology complex. In providing facilities for these and many others, the Tees and Hartlepool Port Authority has built up a formidable technical expertise. An expertise which is ready to serve new port-related industries on Teesside. To find out more contact Duncan Hall, Chief Executive, Teesside Development Corporation, Tees House, Riverside Park, Middlesbrough, Cleveland TS2 1RE. Tel 0642 230636, Fax 0642 230843.



Initiative Talent Ability

UK NEWS

March current account deficit falls to £1.19bn

By Peter Norman, Economics Correspondent

NEWS of a sharp drop in Britain's current account deficit in March punctured pres-sure for a rise in bank base rates and gave a boost to share prices in London yesterday.

The Department of Trade and Industry reported that the current account deficit fell to a provisional seasonally adjusted £1.19bn last month from £1.7bn in February, while the country's deficit on visible trade fell to £1.69bn from

The current account figure was around £300m-below most analysts' forecasts. As a result, share prices rose sharply. piercing the 2,100 mark on the FT-SE 100 share index before settling back to close at 2.093.4, for a gain of 22.2. The FT Ordinary index closed at 1,781.2, up

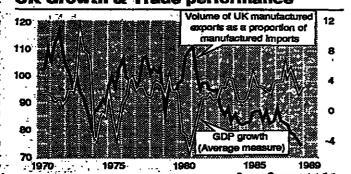
Prices of Government gilt edged stock rose, while interest rates eased on the domestic money market. The key three month interbank rate, which last week had risen sharply in anticipation of higher bank interest rates, fell to around 13 per cent in line with base

Sterling, however, failed tocatch the party mood. The pound weakened against a strong dollar to \$1.6885 from \$1.7010 and closed unchanged against the D-Mark at DM3.1725 as prospects of higher interest rates faded. The Bank of England's trade weighted sterling index closed at 95.1 compared with 95.3 on

The fall in the deficits reflected a 9 per cent jump in UK visible exports to £7.43bn between February and March while imports increased by only 1 per cent to £9.12bn. The Department of Trade

and Industry said exports in March were boosted by a £122m jump in oil exports and sales abroad worth £279m of

UK Growth & Trade performance



so-called erratic items such as ships, North Sea oil equipment, aircraft, precious stones and silver. Without these items, exports increased by only 3.5 per cent last month.

None the less, the DTI said

the underlying volume of non-oil exports had risen in recent months and at a faster rate than the volume of non-oil imports. Its figures showed a notable jump in consumer goods exports in recent months and a sharp slowdown in imports of consumer goods and

The Treasury said the upwards trend in exports and a slowing of consumer goods. imports indicated that the Government's high interest rate policy was beginning to have an effect on the trade balance by curtailing domestic demand.

Mr Peter Spencer, UK economist of Shearson Lehman Hut-ton Securities in London. suggested that the rise in consumer goods exports could be a sign manufacturers were using new productive capacity to serve export markets. However, other analysis in

the City of London cautioned that pressure for higher interest rates could build again despite yesterday's trade news. Much will now depend on developments in the domestic economy particularly on the wages front. The financial markets fear that growing labour unrest could trigger a wageprice spiral.

Another problem could be higher interest rates abroad as monetary authorities in Britain's major trading partners act to curb inflationary pressures of their own. Despite the improvement in

March, Britain's current account deficit was still run-ning at an annual rate of £18bn in the first three months compared with this year's Budget forecast of a £14.5bn deficit for the whole of this year. Some economists warned that the figures for this month

could be hit by increased imports if businesses have decided to increase their stocks of raw materials and finished goods in anticipation of a dock strike.

The favourable balance of trade in oil in March could also be reversed this month because of the recent shutdown caused by the accident on the North Sea Cormorant Alpha platform, Lex, Page 20

Economists sense return of stop-go

CURRENT ACCOUNT (Ebn)

Visible Trade Exports

Simon Holberton looks at worries raised by a worsening deficit

-10.2 -20.6

CONOMISTS rarely agree on anything, but even by their standards a battle royal is brewing.

At stake are assumptions about Britain's ability to trade. The conflict is between those who think something really has changed in Britain over the past 10 years and those who do not.

Economists, like the king's men with a shattered Humpty Dumpty, are now poring over the trade records of the 1980s and the boom of 1987-88 and asking: has anything really changed? Are not the current difficulties just like those of the 1960s and 1970s: Britain grows too fast and is brought low by a sterling crisis follow-ing closely on the heels of a

videning trade gap? Yesterday's trade figures gave little comfort for those who hope for an early resolu-tion of the current account deficit. The March figure took to £4.5bn the deficit for the first hree months of the year. That, if sustained implies a deficit for the year of £18bn.

The speed of the UK's fall into current account deficit has taken most by surprise, not least Mr Nigel Lawson, the Chancellor of the Exchequer. A year ago he thought the deficit in 1988 was going to be £4bn; it turned out to be £14.7bn. In March last year he also thought the deficit in 1989 would be £4bn; by last November he had raised that forecast to £11bn and by March this

year to £14.5bn.

The scale of the problem is illuminated by what it would take to eradicate the deficit in one year. To get the necessary contraction in import growth a fall of around 12 per cent – domestic demand would have to contract by 7 percentage points. Growth in gross domestic product for 1989

experience of the 1980s, which would have to fall by 1 per cent. In short, a recession would be needed. has witnessed such strong supply-side performance, has altered the nature of economic debate. The economic debates That is an extreme remedy, but it finds support in the City of London where wearing a of the past would have called for demand to be squeezed hairshirt is a mark of virility. economy-wide and for a deval-As a solution it sounds famil-

89.6 100.7

uation to help competitiveness. "The thought that there are conditions where slower growth in domestic demand can occur but not slower economic growth, that exporters could go abroad and sell when there has been a relative change in profitability between the home market and the world market, that's wholly

new," he said. To some, however, this is tinkering by stealth and not very different from the Keynes-inspired economic orthodoxy of the 1960s. The irony is that it comes from a Government avowedly anti-Keynesian and nominally monetarist.

"This is fine tuning," says Mr John Wells, lecturer in economics at Cambridge University. "Dampen down demand a little so that products currently being absorbed domesti-cally will be diverted abroad. It's the absorption approach to the balance of payments first brought up in the early 1950s." He says that recourse to improvements in the supply side of the economy is a way of justifying the boom that occurred and holding out hope that the consequences will be different this time around. What might make it different is a change in the nature of international capital markets, not the UK's ability to perform well in manufacturing trade.

International capital mar-kets are much freer than they were in the 1960s and early 1970s when a current account deficit inevitably led to a ster-ling crisis. This time a collapse in the pound might be be deferred

Yet even if a sharp fall in the value of sterling - and an attendant surge in inflation - can be avoided, the question of whether the trade deficit will correct itself and how fast that will take remains

In the City, some economists believe the omens are not good. Mr Kevin Gardiner, economist at Warburg Securities, says: "I tend to see UK trade performance as a long-lived structural problem rather than a domestic demand problem. The way the structural prob-lem came about was that through time the UK withdrew from many consumer indus-

A recent paper by the National Economic Develop-ment Council provides some support for that view. It says the reason for the deterioration in UK trade last year was caused primarily by a surge in imports of consumer goods such as televisions, stereos, clothing and textiles, and cars which the UK does not produce in sufficient quantity or quality to satisfy domestic wants.

Imports of consumer goods, as measured by volume, rose by 17.6 per cent last year, while exports fell by 0.5 per cent. At

the same time exports of capital goods rose by 17.8 per cent, while imports were up 21.5 per cent, underlining the strength of the UK capital goods industries and the investment boom here and abroad.

However, the NEDC identi-fied three sectors where UK trade is weakest: cars and parts, where the trade deficit rose 37 per cent to £5.3bn in 1988; clothing and textiles, where the deficit rose 30 per cent to £1.8bn; and consumer electronics, where the deficit rose 44 per cent to £1.48bn.

With cars, which accounted for more than 35 per cent of are signs of potential rescue. The NEDC noted that there would be substantial improve-ments to the trade balance if the international competitive ness of the industry could be

Plans of foreign investors which appear to view the UK as a suitable entry point for the European market, may prove helpful. Toyota's plans to invest £700m new car capac-ity in the UK combines both import substitution and export

Also, there are signs that the Government's policy of high interest rates to rein in excess demand is working.

Even if demand and output

grow as the Treasury would like, there could be large costs involved for manufacturers switching to exports - not the least in setting up or expanding distribution networks

Few, therefore, can be confident that the strategy will work as seamlessly as the Treasury might like. As even Mr Budd concedes: "One is asking for something to happen that has never happened before. It's a good test of That-cherism in its tenth anniver-

Exports expand by 9%

BRITAIN'S current account balance of payments deficit in March was the lowest since last September's £720m deficit thanks to relatively strong growth in exports and slow-down in imports, Peter Norman writes.

Department of Trade and Industry figures showed that total exports increased by 9 per cent or £600m to £7.43bn between February and March while imports advanced by only 1 per cent or £95m to

Britain's invisible trade surboth months.

However, after excluding oil and erratic items such as ships, North Sea installations, aircraft, precious stones and silver, exports rose by a more

February and March compared with a gain of 0.5 per cent for imports.

Imports of consumer goods increased by only 3 per cent in value in the first three months of this year compared with the preceding three month period while car imports declined by 5 per cent between the two peri-

By contrast, British consumer goods exports increased by 14 per cent in value between the final quarter of last year and the first quarter of 1989 25 per cent between the two periods.

Car exports increased in value in the first three months of this year from £169m in January to £216m in February and

£232m in March. According to Mr Peter Spen-cer, UK economist of Shearson Lehman Hutton Securities in London, the latest trade figures show that Mr Lawson's policy of encouraging exports by curbing domestic demand "is

working remarkably well". However, other City economists were uncertain that the monthly trade figures have taken a clear turn for the better. Mr Kevin Gardiner, an economist at Warburg Securities, pointed out that import volumes remain relatively high while the trace in on, while yielded a surplus of £107m in March compared with a deficit of £18m in February, will be probably hit in April following accidents affecting North Sea production.

Food groups offer reward to catch contaminators

By Christopher Parkes, Consumer Industries Editor

HEINZ and Cow & Gate, Britain's leading babyfood sup-pliers yesterday offered a £100,000 reward for information eading to the arrest and conviction of the blackmailers responsible for contaminating their products with glass, metal, pins, razor blades and caustic soda.

A further 11 such food contaminations were reported vesterday, bringing the official total in Britain to 28 since April 7, Mr John Patten, a Home Office Minister, said in the House of Commons.

There had been blackmail demands in some cases, he

iar - the "stop" phase follow-ing the "go" of 1987-88 - but is the problem the same as it has

tended to be in post-war

The Treasury says the cur-

rent account deficit is the result of excess domestic

demand which leaked abroad

and returned as imports. The

trade deficit will move towards

balance as the result of a

squeeze on domestic consump

tion, induced by high interest rates, which will reduce import

growth. Output which cannot

then be consumed in Britain

Professor Alan Rudd, eco-

nomic adviser to Barclays

Bank, agrees with this analy-

sis: "Domestic demand grew at an enormous rate and it is

hard to say that we had a sup-

ply side problem when output

grew extremely rapidly and

manufacturing output very,

very rapidly. It wasn't a case of

we were buying things while

English factories stood by

He says further that the

will be exported.

Britain?

No children have yet been seriously injured by the con-taminants, but police, manufacturers and retailers warned purchasers to check the safety seals on the lids of baby food

All confirmed cases of contamination have so far involved jars. Allegations that dangerous foreign bodies have been found in tinned foods are still being investigated. New cases reported yesterday included two in Kent. Most have been in the south of the country, affecting products bought from big retail chains, but there have been reports of incidents in Cheshire and Lan-

cashire in northern England. Metropolitan Police officers co-ordinating a national investigation have so far advised retailers not to clear their stores of the products at risk. However, retailers are taking special measures to protect their stocks and advise shoppers. Safeway has ordered reg-ular examination of baby food

THE FINE ART OF FLYING

displays and careful checking Manufacturers have also offered to replace all stock in

instances where a retailer finds evidence of interference. Confirmation that blackmail

was involved in the spate of discoveries helped ease some of the pressure on manufacturers. In recent weeks they have been obliged to deal with the practical effects of the incidents and at the same time try to reduce the impact of consumers' fears on sales and the reputation of their goods.

Adverse effects on sales were not yet apparent, Heinz said yesterday.

The US group has about 57 per cent of the UK market in prepared baby meals, excluding milks and rusks. Cow & Gate, owned by Nutricia of the Netherlands, has 22 per cent. Robinsons and Milupa have some 8 per cent each.

Last month, Gateway destroyed £20,000 of Chilean fruit after a scare in the US involving the discovery of cya-nide-laced grapes in Philadel-

Household debt 'to moderate in 1990s'

By Raiph Atkins

DERT accumulation by British households will moderate in the 1990s, leading to a steep slowdown in consumer spending, according to a report pub-lished yesterday by Oxford Economic Forecasting:

Buoyenf spending in the 1980s has been prompted by deregulation of financial and credit markets says the forecasting unit.
Saving as a proportion of

incomes is expected to rise gradually in coming years. In the short term, high inter-est rates and inflation will erode real incomes and wealth this year leading to little growth in spending. Compared with 1988, expenditure is expec-ted to be 2.9 per cent higher but this will largely reflect increases at the end of last

The forecasting group warns that inflation will remain high in 1989, falling to 6.7 per cent in the last three months of the year from 7.9 per cent. Higher petrol prices are

expected to push up industry's costs while higher wage settlements, combined with lower productivity growth, will add to labour costs.

Prices rises are expected to continue to slow gradually but remain high by international

By the end of 1990 inflation is forecast to have fallen to just

under 45 per cent.

The OKF says that personal debt as a proportion of disposable incomes has risen sharply in the UK, overtaking both Japan and the US during the

Since 1981, real consumer spending has risen by more than 31 per cent, with spending on durable goods leaping 62 per cent.

However, it sees the debt-toincome ratio is approaching a plateau, in the wake of high interest rates, leading to a sharp slowdown in spending.

Backing for nuclear power emerges from 'greenhouse' meeting

By John Hunt, Environment Correspondent

A PROGRAMME to tackle the believe that role will grow as problem of global climatic warming through the enhanced use of nuclear power as a substitute for fossil fuels such as oil and coal emerged from yesterday's seminar on the greenhouse effect at the office of Mrs Margaret

office of Mrs Margarer Thatcher, the Prime Minister. It was made clear that if necessary, the nuclear element in electricity generation should exceed the 20 per cent envisaged by the Government.

This would be coupled with a drive to improve fuel efficiency and to find substitutes

ciency and to find substitutes for fossil fuels. Natural gas, was seen as a possible substi-tute as it gives off less carbon dioxide, which is the main contributor to the greenhouse

Yesterday's event, which was attended by about 30 sci-entists and six Cabinet ministers, was billed as a "teach in" and not a decision-making meeting. But Mrs Thatcher made it plain that she wants it followed by national and inter-

national action.

She said that exceptional measures are called for and that it was not acceptable to just "wait and see."
It was indicated that there

will be a campaign to convince the public of the safety of nuclear power. There would be a similar drive to persuade business and the public of the need to use fuel efficiently.

fuel efficiently.

Global warming is caused by carbon dioxide and other gases trapping the sun's heat in the atmosphere in a way similar to a greenhouse. Grave warnings were given at the meeting about possible rises in temperatures and sea levels.

Mr Cecil Parkinson, Energy Secretary, said after the meeting that the Government had already established the size of the role to be placed by nuclear power generation in Britain for

power generation in Britain for the forseeable future.

He said, however, that: "I

the environmental argument develops and fossil fuel prices move inexorably upwards."

Lord Caithness, Minister of State for the Environment, took a more cautious line and would not give a target for nuclear power use. "Provided nuclear power is safe it is a fuel that certainly could be used," he said. But at the same time alternatives such as energy efficacy and renewable sources should be looked at.

The meeting was told that there needs to be "a very substantial increase in the base load for nuclear power" although it was admitted that there were social and political obstacles to this. Global warming was increasing faster than at any time in the past and emissions of carbon dioxide in the UK were increasing by 0.5 per cent a year "and we need to be very worried about

This was contrasted with the "negligible" and "totally triv-ial" amount of radiation axising from nulear power. But "that is not the public perception and we must change that perception."

Sir Crispin Tickell, UK Ambassador to the UN, spoke on the international perspec-tive. It was emphasied that action should be taken through the United Nations Environment Organisation (Unep). But it was also suggested

that the UN Security Council was a "favourable means of injecting political impetus" behind aninternational drive to of tackle the problem. This was because members were the US,

the Soviet Union and China
the biggest land masses.
It was also suggested that
the international debt of Third World countries might be waived to some extent to compensate them for halting the destruction of the rain forests another big contributor to the greenhouse effect.



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FT LAW REPORTS

Private enforcement of access to EC tenders

associated services) and

national defence contracts.

Even here, competitive defence

procurement for non-sensitive

goods and services is planned for 1993, and most member

states, led by France and the

UK, are opening their own defence procurement to each other through the independent

European Programme Group. The expansion of the rules to

include services will touch

some sensitive issues, such as

direct labour and legal ser-

vices. The professions tend to work on a one-off basis and

will be concerned that a threshold as low as Ecu 100,000 (\$110,500) may be set, as against Ecu 200,000 for supplies

and Ecu 2m for works con-

tracts.
The extension of opening

tendering to private sector companies which want work done or goods supplied has

been precipitated by the Com-mission's plans for energy, transport, water and telecom-

munications, all of which are exempt from current rules. Too

many of these services are provided by private — often "privatised" — companies, so that

rule applying only to stateowned operators would not

By Celia Hampton

tracting with public authorities in the European Community will become a lot more exciting if the EC Commission has its way. It is preparing legislation giving it the power to ask for changes in the procedure and conditions of public tenders and to cancel awards of con-tracts. Some companies, moreover, will see the business from the inside since the pro-

posed measures would treat them as public authorities. The Commission is determined to demolish patriotism in public spending. Central and local governments, and other public bodies seem oblivious to the prudence of shopping around while spending some £260bn (\$442bn) a year. Public purchases of goods account for about 15 per cent of the EC's gross domestic product, yet as few as 2 per cent of contracts are won by suppliers who come from countries other than the

buyer's own.
The Commission has now published most of its plans to open tenders by government controlled or influenced bodies to Community-wide competi-tion. What is more, it proposes that disappointed contractors should be given effective means of ensuring that the authorities abide by the rules. The Commission's first plan of attack is to strengthen the

ground rules and induce authorities to use open procedures inviting tenders from all comers rather than approach contractors of their own choice. This has been in force since the beginning of the year for supplies of goods, and next year it will extend to public works contracts.

The Commission also insists now on open tendering for all EC-funded projects, and methods of procurement must be reported for each tranche of Community loan or grant. Other Commission plans are

still in gestation. Three essential elements of the rules - the contract, the contract-issuing body, and enforcement - will be given an expanded meaning. The rules will apply to "sup-plies of goods", "works and construction" as well as to

"services". There will be nar-

row exclusions, such as the

provision of land (but not the

point of view. The lowest priced tender may be accepted, but if it seems abnormally low the company will have to ask whether the tenderer is being subsidised by its government and, if so, whether the Com-mission has been told.

cover this important sector. Pressure (real or imagined) to "buy local" can be felt by companies which operate with some form of official permis-sion, such as a licence to supply electricity, drill for oil, or run airport facilities. The Com-mission also intends to make companies in government own-ership or under its influence

put contracts for services out

The companies placed by the Commission on equal footing with public authorities will have new administrative burdens to bear as well as some legal consequences. First, the assessment of tenders and the award of the contract will be judged by criteria not necessarily familiar from a business

If the lowest price offer is not selected, the company will have to show that the tender

accepted is the "most economically advantageous". This is defined to include factors such as quality, delivery date and even aesthetic characteristics, but these may be relied on only if listed in the tender notice in descending order of importance. The list does not include "mutual trust" or 'known reliability'

Second, open advertisement of a project may endanger the secrecy of information belonging to the company — new oil-drilling or communications technology, for instance. The UK Department of Transport is studying this

issue in the context of private-ly-funded public projects. The government will want the building work put out to public tender but the developer will want to protect its plans. The first area of study is the defini-tion of the intellectual property

rights at stake. Under EC law the private sector may already have to avoid favouring local tenderers. In the preamble to the draft directive on the exempt sectors, the Commission reasons that public restrictions on tenderers from other EC countries are forbidden anyway by articles 30 and 59

The European Court ruled last September, in Case 45/87, that the free trade provision of article 30 prevents specifica-tion of materials that can only be obtained from national suppliers complying with local standards. Article 59 provides for free trade in services.

The 1992 programme gives priority to aligning idiosyncratic national standards, which often deter already timid foreign contractors from approaching home-ruled markets such as building. The Commission urges contractors to use existing law in the national courts to challenge discriminatory standards. If a European norm is soft, national legislation cannot usually compel obedience to higher standards. A recent directive setting standards for building materials (No.89/106) has to be implemented by June

The Commission takes the view that the present public procurement rules lack bite. It intends to introduce a novel enforcement regime with a

considerable potential for disrupting business relationships. Disappointed tenderers would be able to bring legal proceedings before a national court to interrupt a procedure for the award of a public contract, to ask that an illegal decision be set aside, and even

to claim damages. The court

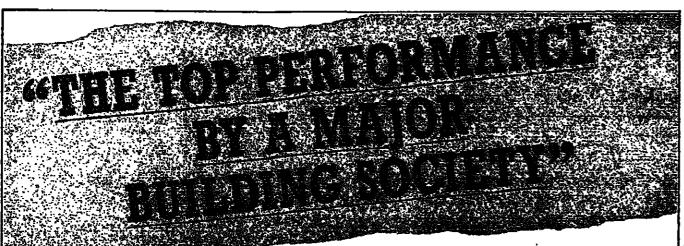
would have power to cancel the unlawful award of a contract, permanently. The procedure will aim to secure "effective and rapid" remedies, and the emphasis is on interim measures during the award procedure, such as removing bad clauses from the tender document. But the power to cancel the award decision is not restricted in time. Contracts will become a lot less secure for as many years after conclusion as national law allows cases to be

From the claimant's point of view, bringing a case will hardly influence public author-ities in his favour on future contracts. To correct any reti-cence in using the new action, the Commission proposes a power for itself to suspend an award procedure for up to

The Commission's proposal is much gentler than the origi-nal, which would have given national authorities no more than a right to be told that a contract was suspended. The contracting authority will now have to be asked to correct the infringement so that the award procedure can resume. EC gov ernments, however, are resist ing this proposal, and the Com-

mission is still working on it. Community tendering will be open to all potential bid-ders, not only EC-based contractors. A tender might be rejected as not economically advantageous if the supply was less than 50 per cent of EC origin, a plan which disturbs US companies in particular. The Commission would ultimately like to see open tender ing throughout the OECD.

However the final details work out, the new regime will provide a painful process of daptation for companies in many different businesses across the Community. Careful analysis and some persuasive lobbying at this stage could pay dividends in the 1990s.



Source: Skipton Building Society advertisement in the Financial Times and Daily Telegraph, Tuesday 25 April 1989.

This claim by one of our competitors took us completely by surprise, as did their methods of calculation and comparison, so we decided to make a simple comparison of Chelsea with the 'Top Performer' showing movements in assets and profits from 1986 to 1988 which we found to be most enlightening ... and so will you!

TOTA	LASS	ETS (£ mi	llion)
CHELSEA	764·7	1013.2	1467.7
Skipton	801.5	1004.9	1258-3

NEL	PROF	T (£ millio	on)
CHELSEA	6-7	8-9	12-3
Skipton	7.1	8.1	11:3

Source: The published Report and Accounts of each Society.



Thirlestaine Hall, Thirlestaine Road, Cheltenham, Glos GL53 7AL Aember of the Building Societies Association.

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FINANCIAL TIMES

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of the Taj Group of Hotels, which have become synonymous with excellence worldwide. Add to this two restaurants offering superb French Provencal and Chinese Szechuan cuisine and the considerable benefits of our Corporate Executive Plus Frequent Guest scheme and you will appreciate the justice of our boast that the lavishness that surrounds you is, on your bill, without price.

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Fill in the coupon and post now to ST JAMES COURT HOTEL BUCKINGHAM GATE, LONDON SWIE 6AE PT 24/4 \square Yes, please send me details of bow luxury accommodation woult affect my bottom bPlease send me further details of other facilities and services at St James Court. COMPANY NAME



In the past three years an impressive number of renowned international companies and organizations have fallen for Lyon's charms. She's attracted winners: Hewlett Packard decided to come to the Isle d'Abeau business park; advanced research centers like Schering Plough inc.; production plants like Unilever which have chosen La Plaine de l'Ain industrial estate, and others such as Framatome, Novatome, Rhône-Poulenc, Septen, l'École Normale Supérieure

and Interpol. What's Lyon's appeal? Apart the fact that Lyon herself is a vibrant, ancient center of culture in a beautiful countryside, she is so convenient: road and air links in all directions and the world's fastest business train first started from Lyon.

The past - The future. Lyon, she's got it all.



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Flying lessons.

Adequate.

If I'm really honest that's the only way to describe how our last job turned out.

A couple of people on the second floor said they liked it but I think they were just being polite.

We missed a trick somewhere. We should have pushed it further. I'm not trying to make excuses but I guess we ran out of time

A month later we changed our computer system.

It's almost as if the whole company's been on one of those motivation courses.

I'm not saying we're having better ideas exactly. I think we always felt we were capable of this kind of work.

It's just that now nothing is getting in the way of the ideas, slowing up the process.

We're spending all of our time working out our problems, not our computers.

We don't have to memorise a complex series of commands or rules any more. It's as natural to use as say, a pencil.

I don't know about you but my mind works in a fast, pretty haphazard way.

This computer can keep up. It has so many options. It lets you fly off at all sorts of tangents. New possibilities keep presenting themselves.

There are thousands of programs but you only have to learn one. And you've virtually learnt them all.

So far the best idea with this new computer has come from Dodds in personnel. Dodds!? I mean I thought he'd retired.

. Apple Macintosh. The power to succeed.

MANAGEMENT: Marketing and Advertising

enicillin cures but wine makes people happy. Let's be happy. So said Alexander Fleming, according to an inscription on the side of a vast wine cask deep in the heady vaults of one of Argentina's more famous vineyards, Peña Flor. But Argentine viticulture is anything but happy today, as it sees world markets being snapped up by its closest rival neighbouring Chile.

The reason for its hangover is double-edged. Argentine manufacturers of all types of products have, thanks to heavy state protection, become accustomed to churning out low quality goods which a relatively affluent domestic market has snapped up.

That has been as true of wine as any other product, with the result that the typical Argentine wine of today fallsfar short of the high standards maintained by other major

wine producing countries. That is changing under the influence of two pressures. One is that Argentines themselves drink much less wine than they used to. Since the 1970 peak of an annual 92 litres per capita the domestic market has slumped to a bare 50 litres.
At the same time the

increasingly urgent need to break into potentially lucrative foreign markets is dawning on vineyards as much as other areas of the economy. Considering that Argentina, which annually produces 23m hecto-litres, is the world's fifth largest producer of wine (after France, Italy, Spain and the USSR), it is little less than astonishing that its wines are so little known abroad.

Over 65 per cent of that wine lake is produced from Mendoza province. Two superficially very different Mendoza vineyards, one in the hands of the same family which started it at the beginning of this century, the other by the provincial government, are trying to come to terms with the changing future for Argentina's wine and the country's economy

generally.
Peña Flor produces one of Argentina's most famous brands of "vino comun" or table wine. Some 15 per cent of its produce is "vino fino", a superior quality product sold under label by a wholly-owned subsidiary called Trapiche. Naturally the bulk of the company's wines are marketed domestically, but Dick Sibbald, a director of Trapiche, is trying to reach overseas markets.

"Our biggest sale has been 28m litres of wine to the Soviet Union, but oddly enough the principal purchaser of Argentine wine and related products



A case of wine output under pressure

Gary Mead reports on Argentina's export hopes in the face of nearly halved domestic consumption in 20 years

today is Japan. Japanese customers are very keen to purchase our concentrated grape juice, which they then use as the basic ingredient for Japanese wine. It is very important covers some 1,400 hectares annually turning out over 200m litres of wine, is undergoing some changes. New Pinot Noir vines have recently been planted, with the aim of produfor us to become more conscious of the export market. Nobody is waiting for Argentina to come along; we've got to do our own selling." To that end he organised a

recent visit by 36 wine tasters, the majority from Britain, under the aegis of the "Masters of Wine" institute, which is responsible for selecting 60 per cent of wine consumed in the

Trapiche has developed other marketing strategies to increase its profile and sales in the 26 different countries it supplies, including a "say it with wine" service in some European countries, which promises to supply even just one bottle of its export brand Andean" label Chardonnay or Cabernet Sauvignon within 70 hours of the order being

The vineyard itself, which

Noir vines have recently been. planted, with the aim of producing high quality exportable wine ready for sale seven years from now.

Of particular importance for Trapiche was the purchase late last year of 530 new oak casks, each with a capacity of 220 lit-res. Imported from France and to be used for the necessary subtle ageing processes, the casks are seen by Trapiche as vital if the company's wines are to meet export standards.

Not only do the casks represent a significant investment for the company, of almost \$240,000, they also mark an important step forward for Argentine attitudes towards trade liberalisation. Such is the heavily protected nature of the Argentine wine industry that there is a law banning the import of maturing casks. Most Argentine wines are matured in casks which should have been disposed of years ago.

However, Trapiche made a representation to Mendoza's Peronist governor, José Octavio Bordon, to argue at national level that the law should be waived in this instance in order to help Trapheles iche's export drive. He gladly obliged, thus proving that not all Peronism is rigidly wedded

to protectionism Bordon has his own problems, however, in trying to pri-vatise Giol, a vineyard owned by the provincial government of Mendoza.

Giol was originally in private hands at the beginning of this century, set up (like so many Argentine vineyards) by immi grant Italians. Nationalised by the Peronist central government of 1954 and transferred to provincial government owner-ship, it fell foul of General Juan Peron's desire to semi-socialise basic Argentine indus-

Originally intended to safeguard prices paid to small-scale grape producers in the region, it has proved a singular failure (accumulating debts of \$30m) and is due to be sold off by August this year.

Giol's mistake under provincial ownership was to concentrate on serving up a lowest common denominator wine to the domestic market, a classic error to be seen in a variety of Argentine industries.

The poor quality of its one vino fino, "Canciller" (Chancellor), meant that the "Masters of Wine" gave the company a miss on their visit to Mendoza.

The domestic slump in wine drinking hit Giol badly, and rapid turnover of politically appointed management did not help matters. Its offices today are based in the old Giol family estate grounds, where under-investment and staggering over-manning are the obvious signs of a dying company.

In October 1988 Bordon announced that he intended to sell Giol into private ownership, a move which provoked a considerable attack from trade unions and some factions of his own party.

By the time Giol is sold off its 3,900 employees will have either been relocated in other areas of provincial administration or found a living as part-owners within 24 privately managed wine-producing co-op-eratives established since last

Bordon's first move was to scale back production to make an inventory of Giol's assets and debts, the first such realistic look at its accounts in many years. Standing inside the now-empty largest wine-storage tank in the world (where if you were to drink a litre a day it would still require more than 14,000 years to clear the tank), textbook descrip-tions of dis-economies of scale suddenly became reality.

Bordon was clear about the reasons behind the sale of Giol. "It does not serve any of the economic and social objectives of the province. It does not defend the interests of the medium or small producer and in fact is an obstacle. Today it impedes the objectives of integrating wine production locally, promotion of the regional econ-omy, the search for international market share and the diversification of production. Its financial and operative sses are enormous."

People are not accustomed to hearing such words from Argentine politicians, least of all from Peronists. But the pressures of domestic eco-nomic recession and greater awareness of foreign demand for quality luxury items such as wine is bringing the best of Argentine minds to a greater flexibility and concentration

UK advertising league

The really big spenders

Procter & Gamble

Kingfisher British Telecom

Electricity Council Keilogg (UK)

Ву сопрепу

Procter & Gamble

Pedigree Peticods

Mars Confectionery Electricity Council

Austin Rover Group

Vauxhall Motors

Brooke Bond Batchelors

Kelloggs

General Motors (US)

Top Ten Advertisers

est corporate advertisers — behind such grants of the fast moving consumer goods world as Unilever and Procter &

Unilever's top spot is based on the substantial advertising

support — £118.2m last year — for its main subsidiary compa-nies, such as Lever Brothers,

the detergent manufacturer,

Brooke Bond Foods, and cos-metic company Elida Gibbs.

Procter & Gamble, however, is the largest single advertiser (as distinct from a holding

since it concentrates its adver-tising through two main com-

panies – Procter & Gamble

(with an advertising spend of £58m last year), and Procter & Gamble (Health and Beauty)

While Unilever has for some

which spent £19.4m.

pany) in the MEAL survey

45.6

41.2

34.5 33.9

32.8

Mars (UK) Nestlé Holdings (UK)

Top Ten Advertisers

David Churchill reports on changes in the top ten

Unileve

he National Audit Office will undoubtedly take more than a passing interest in figures published today by Media Expenditure Analysis Limited (MEAL) which show that Mrs Thatcher's government spent £76.13m on national advertising last year — some £12m less than in 1967.

The figures, commissioned

less than in 1987.

The figures, commissioned by the trade journal Campaign, come just as the Government is facing renewed attacks on its policy of heavy use of press and television advertising.

Earlier this month the NAO—which is responsible for

 which is responsible for scrutinising government expenditure – agreed to a request from the House of Commons' Public Accounts Committee to look at whether such extensive government

advertising was necessary.
Frank Dobson, shadow
Leader of the Commons. described as a "scandal" the use of public funds to promote government policies. He claimed that ministers this year planned to spend some m on advertising, up from £77m in 1987-88 according, to his figures which were based

on parliamentary answers.
Two factors caused the Government's spending almost to treble since Mrs Thatcher came to power in 1979: one was the massive effort spent ading the public to support the Government's pri-vatisation campaigns.

Yet perhaps equally signifi-cant has been the enthusiasm shown by Lord Young, the Trade and Industry secretary, for using advertising to pro-mote his department's activi-ties. The MEAL figures published today, for example, show that his department spent some £15.5m on adverspent some £15.5m on advertising last year — nearly twice as much as the Training Agency at £8.95m. (The Training Agency used to be known as the Manpower Services Commission, and Lord Young was at one time its head.)

The fall in government

The fall in government advertising expenditure last year was largely due to the hiatus in the privatisation pro-gramme after the October 1987 stock market crash.

Even so, the Government still ranked third in the MEAL league table for the UK's larg-

years topped the table for total advertising by a holding com-pany, P & G's grip on the top slot for single advertisers was By Holding Company 1988(Em) loosened in 1986 by British Telecom during its flotation year. BT fell to seventh place in 1987 as it cut back on adver-tising post-flotation. But, per-haps stung by criticisms of its haps stung by criticisms of its slipping service levels, it stepped its advertising spend up a gear last year with expenditure of £45.66m — up from £29.99m in 1987. This put it into second place, pushing Kelloggs back into the number three position.

three position. Apart from fast moving con-sumer goods companies, the fierce competition in the new car market was reflected by Vauxhall moving from 14th place in 1987 to 8th last year with a spend up from £19.88m to £32.86m. It was follower of the lace by the Austin Rover 9th place by the Austin Rover Group with a spend of £30.93m, and Ford in 12th position with spending of £292.19m.

No single retailer made the top 20 league table for adver-tisers – although Kingfisher (formerly Woolworth Hold-ings) was the sixth largest advertiser overall with a £46.52m expenditure from its retail subsidiaries such as

retail subsidiaries such as B&Q. Comet, and Woolworths. MEAL also provides a comparison with 1978 when the largest single advertiser was Rowntree Mackintosh (acquired by Nestlé last year). Then it spent £10.75m to take top spot; last year's £22.23m spend only earned it 16th posi-

Only Mars (third ten years ago, sixth now) and British Leyland Cars (now the Austin Rover Group) have stayed in the top ten over the past ten

Top Ten Adve			
Company	Spend £m	1978	ink 1961
Rowntree Mackintosh	10.7	· 1	· 16
Cadbury	10.5	2	17
Mars -	8.8	· 3	. 6
Boots	7,9	4	57
Lever Brothers	7.5	5	11
British Leyland Cars	7.3	6	9*
Procter & Gamble	7.2	7	. 1
Gallaher	6.4	8	. 13
Brooke Bond Oxo	6.0	9	10
British Railways Board	5.5	10	52
*Austin Rover Group only			Searce: Meei

ON-SIUP INCENT FIY CANADIAN BUSINESS CLASS.

We fly more non-stop flights between continental Europe and Canada than any other airline.

in Canada (over 160) than any other airline.

So much for our services,

the wines fine, the crockery china, the napery linen, and our cabin staff friendly, courteous, Pacific Hotels and Resorts.

Plus they will upgrade you to a business class, or superior



Many of these are the only non-stop services, Frankfurt to Calgary for example.

On some routes, such as Frankfurt to Vancouver, we fly the only daily service.

While on other routes, we fly the only direct services.

We also fly to more places

now to our service.

Our business class is available on all flights between Europe and Canada (so is first class, by the way).

You'll get a guaranteed window or aisle seat. (We've cut out the middle man.)

You will find the food good,

and quietly efficient.

Non-stop

Amsterdam-Toronto

There are other touches.

Non-stop Frankfurt-Edmonton

Like advance seat selection, dedicated check-in counters and priority baggage handling.

There's one more thing, and it's no small deal. It's a free first night in Canada, at one of 23 luxury hotels, courtesy Canadian

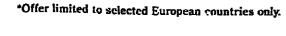


room, for the rest of your stay.

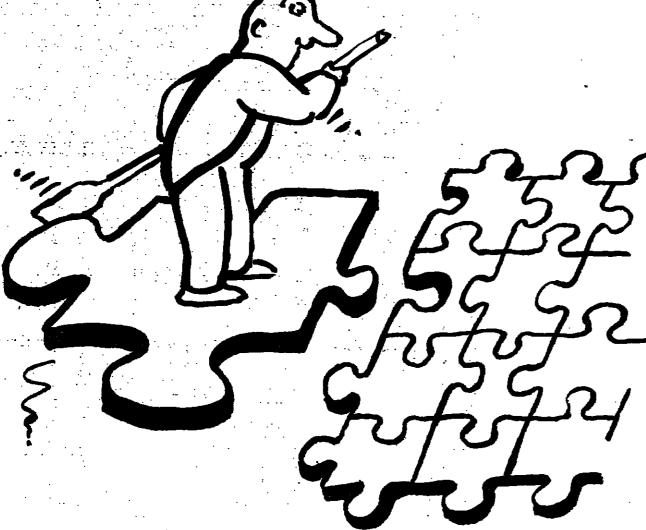
The purpose of all this generosity is simple. Next time you're thinking of travelling to or from Canada, we want you to turn over a new leaf.

And think Canadian.





How to become Euro-compatible.



Britain's membership of the EC offers British companies a major advantage in a marketplace with almost as many consumers as the United States and Japan combined.

But to exploit this opportunity your company will need a computer system capable of coping with the intricacies of the Continent's innumerable laws, trade regulations, languages, and currencies.

Nixdorf COMET business software is that system. It's been the common business language of the EC for more than a decade. Designed for companies that trade internationally, it is programmed to cope automatically with the problems that international trade creates.

COMET software is Europe's largest business software library, fully supported throughout Europe by the European computer company with a worldwide reputation for customer service and support. Currently operating on more than 65,000 computer systems serving over 250,000 workstations around the world, COMET is the ideal system for coping with the complexities and mounting competition which market integration will bring in 1992.

COMET provides the foundation for your strategic planning, speeding your response to changing market conditions by fully integrating production, supply, purchasing, marketing, and distribution.

And its powerful multilingual facilities enable you to develop and maintain close, profitable relationships with customers and suppliers, and handle information in a way that provides full management control throughout the distribution network.

COMET fully integrates your business functions with those of your market.

Making you truly Euro-compatible.

COMET Software. The European B	usiness Language.
Name:	
Position:	
Company:	
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Type of business:	
Telephone:	
Marketing Communications Depart	tracest Control of the Control of th

Nixdorf COMET Software. The European Business Language.

> NIXDORF COMPUTER

TECHNOLOGY

mperial Chemical Indus-tries, the UK's biggest chemicals company, has come up with a new formula for retaining - and improving on - the traditional skills that go into formulating medicine.

Geoff Dalton, senior knowledge engineer with ICI's corporate management services, says that because of changing says that because of changing career paths, the company was in danger of losing certain types of accumulated know-ledge. "The formulators used to stay in the job for most of their lives, but now they tend to be people just passing through, advancing another step on the career ladder. A lot of the old skills which we need to pass on to our next genera-tion of staff are being lost."

ICI is trying to solve this problem by retaining this type of knowledge in an expert computer system, which is a form of artificial intelligence. To develop such a system, a set of rules is fed into a computer so that it can make judgments.

The company's pharmaceuti-cals business at Macclesfield is testing a formulation system, designed to stipulate the correct amount of each ingredient to put in a medicine - ease of manufacture being as important as efficacy. For example, if the active ingredient is not very soluble, an experienced formulator would experiment with a highly soluble ingredient. This can easily be trans-lated into a rule for the computer along the lines of: "If this is true, then try x."

The formulation package used by ICI belies the idea that expert systems are large and expensive. The software, including specific program-ming for ICI, cost the company £11,000. It runs on an IBM PS/2

personal computer. ICI chose a package designed for the mixing of ingredients. It is also used to formulate such products as food, oil and cleaning materials. Because the program deals with a generic function, product formulation, it is known as a "kernel" expert system. Ker-nels may also be industry spe-

The formulation kernel was jointly developed by Logica, Shell Research and Schering Agrochemicals and was then customised for ICI by Logica. The development of these

kernels will be one of the fast-est growing areas in expert systems, says John Bader. chief consultant at BIS Mackin-tosh, of Luton. "We predict that the market for knowledge-based systems will grow at 34 per cent per annum and we expect that packaged systems, for such things as

The computer learns from the experts

Della Bradshaw on the human face of artificial intelligence

there are about 400 types of expert system operational in the UK and about 2,000 world-wide. "We think the market in the UK is growing rapidly and is slightly ahead of the rest of Europe. But compared with the

US it's still small beer."

The most widespread use so far has been in computer companies. ICL, of the UK, estimates that it saved £2.5m in 1987 and £4.5m last year from the internal application of expert systems. Digital Equip-ment, the US computer maker, says that it saves \$40m a year in tailoring minicomputers to suit its customers' requirements by using its own expert

systems, Xcon and Xsel. However, Bader predicts that by 1995 the manufacturing and finance sectors will be the largest users of expert systems, accounting for 44 per cent of the \$4.7bn world market.

At ICI, Dalton is hoping to prove that as well as capturing disappearing expertise, the package will also improve the formulations by extending understanding of how they are arrived at. The Macclesfield plant has also set up a research group to try to define rules for making medicines. When staff from Logica cus-

sions in a human-like fashion.

IT WAS as far back as July 1956 that the term artificial intelligence (AI) was coined by John McCarthy, then assistant professor of maths at Dartmouth College, New Hampshire, in the US. AI has now become an umbrella term referring to the advent of computers that can make decisions in a humpshire forbide.

sions in a human-like fashion.

The most widely used type of AI is the expert, or knowledge-based, system, the first prototype versions of which appeared in the mid-1960s in research departments and universities. A second system, which emerged at about the same time, was the neural network.

Whereas expert systems work on a series of

marketing support or credit control analysis, will be a major growth area."

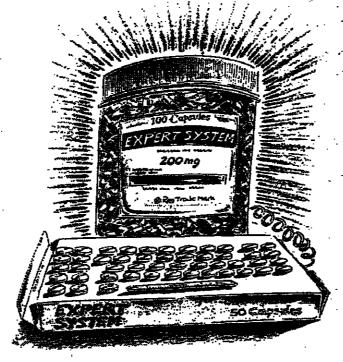
Gary Born, business manager for the consulting division of SD-Scicon, estimates that there are about 400 types of expert system operational in

tem as a way of getting infor-mation from the experts," says Barry Skingle, principal con-sultant at Logica. "When they saw the developments they would say that's wrong or 'if that happened, I would do this' and so we would progam that in as another rule."

Dalton observed that the information from the research team was more useful to the programmers than that from the expert formulators. This demonstrates one of the diffi-culties of setting up an expert system: to translate the information extracted from experts into a computer-accessible

"Once people are experts they forget how they reason," argues Born. "When they try to explain to you how they reach a decision they can leap over whole conceptual valleys. That is the skill in interviewing - getting them to go through all the sequential

Born acknowledges that expert systems are only useful in applications where knowedge can be represented in a logical manner, as a series of rules. Indeed, many processes are not amenable to being bro-



ken down into rules and so cannot be translated into an expert system. "What these systems are not suitable for is the common sense type of area,

where decisions are made intuitively," explains Born.
Although most expert systems are still used to harness existing company skills, there are a growing number which introduce outside expertise for companies wanting to move into new areas of business, particularly in the finan-cial sector and in areas where there is a shortage of staff.

Expert systems can cut the time needed to make a deci-sion, such as in a dealing room where speed of buying and sell-ing is of the essence. They also work 24 hours a day, which is useful for monitoring indus-trial sites, they can train staff and give a second opinion.

rules - if a, b and c are true then the best

action is probably d - neural networks work by example. So in a medical diagnostic system,

the software is fed with a series of symptoms

and associated diagnoses, and from those exam-ples the system "learns" what diagnosis to give

It was not until 1981, when Japan announced its ambitious 10-year fifth generation computer project, that European companies began to take expert systems seriously. One response to

Japan's initiative was the Alvey project in the UK, under which the product formulation expert system, used by ICI, was developed.

for which symptoms.

Although expert kernels are a growing area, the more usual way of exploiting the technology at the moment is through an off-the-shelf "shell".

A shell usually contains several basic pre-programmed chunks: the inference engine (which is the deductive prob-lem-solving technique); the knowledge base (which con-tains the formats for handling the information); and the user interface (which makes the software easy to use by pre-programming, for example, screen and menu layouts). A shell, which costs less than £1,000, can be programmed by anyone accustomed to working with off-the-shelf software

In the UK, a number of small companies have grown up to provide shells, including Expertech in Slough, Creative Logic in Uxbridge, ISI in Redhill and Intelligent Environments in Richmond. Bob Skeens, account manager at Intelligent Environments setting Intelligent Environments, estimates that about 10,000 compa-nies use its Crystal expert sys-tem shell in operations ranging from engineering to word pro-cessing.

"There are also a lot of company employees using it to improve personal productivity. They write themselves a short program to help them do any-thing from mending the laser printer to doing the monthly accounts." he says.

Recognition of strange voices

TOSHIBA, the Japanese electronics group, is working on a voice recognition system that does not have to be "trained" to recognise each
"trained" to recognise each
new speaker. The aim is to
make it useable by any
member of the public in
sutomatic vending, banking
and similar applications.

and similar applications.

At a railway station in Osaka, Toahiba and the Kinki Nippen Failway Company have completed a field trial of a jointly developed prototype of such a machine, for vending railway tickets.

Matters have been annippers

simplified for the engineers because the machine has to recognise only the names of 26 railway stations. After studying the voice characteristics of a

representative cross section of 1,000 people, the designers were able to program the system with the reference patterns of the spoken station names. The traveller simply approaches the machine. plugs in a pre-paid, magnetic stripe card and states his or her destination. The tare is

deducted from the card.

Public soptication of voice recognition is still in its infancy. As it develops, Toshiba expects widespread use in both public and private areas. The main advantage is that the conventional alternative; keyboards and screens, can be dispensed

Sensors that assist berthing

AUTRONICA, of Norway, has developed a computerised, radar-based system that assists large ships, such as oil tankers, bulk carriers and passenger liners, to berth. Quicker turnround and less likelihood of damage to ship or jetty are the main benefits

of the system, which costs about £130,000.

The berthing ship is monitored by two microwave sensors on the jetty. These send out radar pulses that are reflected from the ship's hull and received by the sensors, allowing data about the ship's motion to be extracted by a central

processing unit.
This processor sends out radio signals which are picked up by a portable unit, used by the pilot on the ship's bridge. On a small liquid crystal display he is able to see forward speed, the distance in metres of bow and stern from the jetty and the angle of the ship to the jetty. Dockside crews can view the same data on portable units.

Readings are refreshed every two seconds. It is On shore, the radar processing unit supplies data to a personal computer with colour screen and a printer. This allows the harbour or ship owner's officials to see the data, which is recorded on disk and can be printed

There are already several Norwegian Installations. In Britain, the system is available from Autronica Marine UK of Chester-is-Street, County

Robots pack in

various shapes IN FRANCE, Vega Automatie of Troyes Aéroport near Paris, is offering a packaging system, with three robots, which is able to handle products of widely varying size and shape without stopping. Usually, such systems deal with only one. product and have to be re-programmed or adjusted

for any other.

Called Flexiline, the equipment was developed for large-scale distribution operations, where the dispatch department has to cope with a continually changing line of outgoing products, it can deal with a variety of products at the rate of 40 boxes a minute.

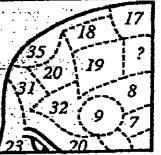
Three special types of robot are used. One folds pre-glued cardboard blanks into an open-ended box, a second loads the product into the box and a third glues down the flaps and compresses and

equares them off... Additional computer programming for a new shape can be carried out in a malter of seconds, the company claims.

Platform to float marginal fields

A FLOATING platform, which the designers say could cut construction costs by 70 to 80 per cent, is being developed by Glasgow University and Seaways

Engineering of London Seaways Engineering, which made the original design proposals, believes that a platform for the exploitation of marginal oil and gas fields could be



WORTH WATCHING

Edited by Geoffrey Charlish

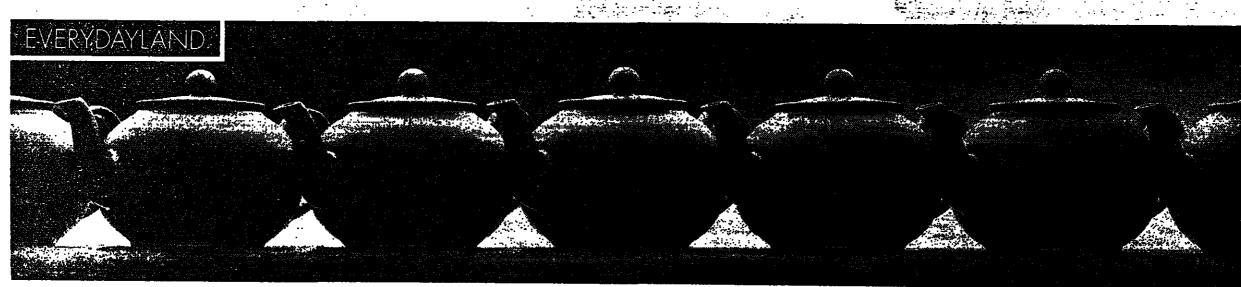
installed for £25m, showing savings of £75m over conventional methods. This could make it worth exploit could make it worth exploiting some marginal fields.
The platform would consist of a 90 m square; 3.75 m deep upper table with a 15 m square section leg at each corner. The legs would be connected, at the bottom of the 57.5 m deep platform, by four members with cross sectional dimensions of 15 sectional dimensions of 15 m by 7.5 m.

The whole structure would be made up from 7.5 m hollow cubes, fabricated from 14 mm steel plaie with thicker high-grade steel at the corners to combat fatigue. Up to 12,000 tonnes of equipment and accommodation could be

mounted on the table. To join the cubes together, the assemblers would use the kind of automatic welding equipment common in modern shipyards. It is this approach, using just a lew standard components, which would cut the cost so

dramatically. No additional equipment or retraining of employees would be needed. The Department of Navai Architecture and Ocean Engineering at Glasgow University has conducted tested and assessed the design, working with W. S. Atkins, the consulting engineers, Texas Eastern Oil and Conoco (UK) have funder

most of the work. According to the designers the structure could find many uses, including offshore hotels and airports, desalination plants and sea-bed mineral recovery



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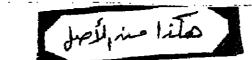
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FINANCIALTIMES



Trying to be funny, eh?

Drofessor Moriarty can do his worst but, in a week that sees his adversary on both television and the musical stage, there is no reason to suppose that Sherlock Holmes will not survive Without a

To be fair, the basic idea is not half bad. Watson (Ben Kingsley) is the detective but, finding that readers of The Strand magazine do not appreciate his notion of "The Crime Doctor," creates a more flam-boyant alias. He then makes this character flesh and blood by hiring an actor (Michael Caine) to inhabit the costume and juggle clumsily with the props of his invention.

where does pastiche turn into parody, and parody into pantomime? This pantomime is fond enough but, written and directed by Americans, it stumbles under rehearsed across a stage that is mined with British trapdoors. There is a case of sorts. The Bank of England's printing plates have been stolen. Watson must puppeteer his drunken, womanising incompetent through the the case, a challenge that leads Mr Kingsley into more eyebrowarching than is strictly his forte, while the effortlessly elegant Mr Caine goes some dis-tance towards redeeming the situation

If Without a Clue was shown on television tonight, you would misjudge its production date by quite 25 years. This despite the fact that the editor of The Strand (Peter Cook), barks "Hold all calls!" before sequestering himself in a conssional conference with Watson, wherein the latter refers to his creation as, "that twit." But the film's epitaph is spo-ken mid-duel by Moriarty (Paul Freeman), as Holmes continues his swordplay by thrusting a rapier blindly from behind a piece of stage scenery. "Trying to be funny, eh?"

From Australia, laden with a crop of native awards, comes The Year My Vaice Broke, a haunting film written and directed by John Duigan which delivers more than its initial promise of Antipodean rites of passage. It is 1962 and 15 yearold Danny has an unspoken crush on Freya (Loene Carmen) who, though only a year his senior, is already branded as the town's bad girl. Late in the film the town's guilty secret repeats itself

SADLER'S WELLS

It is a tribute to the

magnificent qualities of the

Cumbre Flamenca troupe that.

just seven months after a first

visit to Sadler's Wells, a second

season should be so welcome.

The personnel of musicians

and dancers is largely unchanged, with that divinity Carmen Cortes the one serious

loss. Replacing her is the fero-ciously gifted Juana Amaya, whose dances seem barely tamed for the theatre, and tear

at our emotions. By turns

angular, voluptuous, she strides and carves out vivid

shapes of movement, and is

thrilling. Otherwise, Angela Granados,

Antonio Canales and Cristobal

Reyes have returned in fine and frenzied form, ablaze with

energy and temperament, and

a new singer, La Tobala, joins the musicians to insinuate ara-

besques of melody round the

And there is, once again, the

intoxication of La Chana. For

vibrant core of the dance.

Cumbre Flamenca



Kim Basinger in "My Stepmother is an Alien"

WITHOUT A CLUE Thom Eberhardt

THE YEAR MY VOICE BROKE John Duigan

STEALING HEAVEN Clive Donner

> **JOYRIDERS** Aisling Walsh

MY STEPMOTHER IS AN ALIEN Richard Benjamin

when Freya becomes pregnant by the local tearaway (Ben Mendelsohn). Despite a timesetting undercoat of 60s music and a top coat of contemporary film posters. The Year My Voice Broke evokes the 1955 Rebel Without a Cause, as the three friends unravel a tangled skein of parental hypocrisy and their own disappointed

Newcomer Noah Taylor, who takes the stretching role of Danny, evidences an astonishing sense of balance, walking the tightrope between child and adult before our eyes.

Stealing Heaven, the story of Abelard and Heloise, is the first venture as producers by Simon McCorkindale and Susan George. A misty Yugo-slavia stands in for 12th century Paris where we first meet the 16 year-old Heloise in a convent, vexing the nuns with religious theories rude and radical enough to turn the Arch-bishop of Canterbury an epis-

her solo Alearias she bursts on

stage at a run and is miracu-

lously there, backed by her

quartet of musicians. In a black dress, hair loosely gath-

ered, she makes a few incanta-

tory stamps. She has summoned her daemon, and the dance inhabits her. As vocalists and guitarists offer her the

rhythmic basis for her art, she

becomes possessed, arms curv-

ing, fingers clicking, and feet drumming, purring, striking sparks from the stage and fir-

She takes a pattern of steps and sets:about embroidering

them, elaborating a phrase,flinging amazing feats of virtuosity at us as she beats

with one foot, or holds us spell-bound with trilling heels that move from a clarion forte

to a pianissimo which stills the

entire theatre. Goaded by her

musicians and by our enthusi-

asm, she dares wilder and more brilliant things, impossi-hilities of step, cadenzas of

ing our hearts.

copal purple. She is released into the care of an uncle (Den-holm Elliott), a charlatan canon who tries to offload her into a marriage that will be as profitable to him as his trade

in holy relics.

Instead the wilful girl falls body and soul for the philosopher-teacher, and his vow of chastity wilts under a weight of passion. Eating his cake and no longer having it (childbirth and castration are the consequences of their scandalous behaviour). Abelard persuades Heloise that they should devote themselves to good works and a life apart.

Derek de Lint's Abelard

sometimes misses the anguish of betrayed ideals, but the vivacious Kim Thomson makes more of Heloise than a sketchy script has the right to ask. There are eye-rolling histrion-ics from Mr Elliott and a touch-ing performance from Mark Jax as Abelard's student, sick with unrequited love of Heloise Clive Donner directs.

The Irish Joyriders is a first feature of modest promise by Aisling Walsh, who also cowrote with Andy Smith the story on which his script is based. A battered Dublin wife (Patricia Kerrigan) falls into company with a car thief. As the mutually mistrusting pair leave the city and head for a slightly suspect rural dream, the characters expand and soften, but not to the point of sentimentality. There are detours and wrong turnings along the route (the squander-ing of Billie Whitelaw in a rudely truncated role is a pity), but the film completes its journey in good running order. Andrew Connolly plays the joyrider with a stillness and

The ideas in John Carpen-ter's undervalued Starman (in which a housewife falls in love with an extra-terrestrial who takes the human form of her late husband) have been plundered gracelessly in My Step-mother is an Alien, a hitty com-edy that nowhere hints at the subtlety that director Richard Benjamin brought to My Favourite Year. Widower Dan Aykroyd meets

and marries inter-galactic visi-tor Kim Basinger, and his teenage daughter (Alyson Hannigan) is uncannily swift to diagnose the reasons for her stepmother's irregular behaviour. And that is all there is.

stamping. Towards the end of

her dance she walks, holding

the rose from her corsage, offering it to us - or to the

spirit that has inhabited her

for the extraordinary space of this solo - and we know we

have been in the presence of greatness, and of something that transcends the dance

itself. She is unique and mar-

Cristobal Reyes performances of complete mastery, marked by those giddying shifts between complete stillness and

the toughest physical actions, their bodies fine Toledo blades.

From Angela Granados, a Tar-anto whose charm was matched by statuesque beauty

of pose. From the entire ensem-hie — the musicians at every moment the peers of the danc-

ers - a memorably fine even-

ing which I recommend to

From Antonio Canales and

vellous.

David Castell

Women Beware Women

BIRMINGHAM REPERTORY THEATRE

There are no good women in Middleton's tragedy, which probably dates from 1613. Bianca is brought on by her newly-married husband Leantio by her hewly-married husband leanthor rolled up in a carpet, having eloped from her family. She is warmly greeted by Leantho's mother; but when her husband is away and the Duke, in a passing procession, gives her the eye, she is eager to be seduced. Her mother-in-law collaborates, and so does their neighbour Livia bour Livia

Isabelia, engaged to the simple but wealthy Ward, is in love with her uncle Hippolito, so Livia, his sister, tells her she is actually the bastard daughter of a Spanish nobleman, and they may love comparatively innocently. The Duke makes Leantio the commander of his garrison in Rouen, an appointment that seems to involve a uniform but no duties. Bianca having moved into the Court, Leantio is free for grabs, and is

duly grabbed by Livia.

These infidelities are not routine. The women's feelings are cunningly contrived, their emotions based more on profit than on sex, and the action progresses by way of some ingenious scenes. Livia plays chess with Leantio's mother while Bianca is being shown around the house by her brother, and the moves are given double meanings (Middleton wrote a whole play, A Game at Chess, on this principle). As they play, the Duke (who here has been hidden in the trappings of an altar) begins his seduc-

In the final scene, all differences are righted, or rather wronged, in a masque representing something of the situation. A nymph loves two swains. They put their case to the marriage-god Juno; she picks her choice, but the

refused one raises up Slander to dis-grace his rival. The parts are played by the real participants.

It ends with as many deaths as Ham-It ends with as many deaths as Ham-let. Livia, playing Juno (couched in a great plaster hand, lowered from the flies) is choked by her incense; Hippol-ito and his brother, the Ward's guard-ian, are shot with cupids' poisoned arrows or spiked on Slander's caltrap. Isabella dies from the gold powder thrown down by Juno; the Duke is pol-soned by the drink he had prepared for his brother the Cardinal, who had tried to prevent the Duke's marriage to

I have called it a tragedy, but by today's standards it is a comedy-thriller, and a very enjoyable one. John Adams's production, the text judiciously cut, is handsome and exciting. The duel with Hippolito that ends Leantio's life fills the whole great stage and the galleries with which Paul Brown has equipped his vast all-in chamber. There is an assortment of furniture There is an assortment of furniture from the last three centuries, equally unsuitable for the duke or the modest Leantio's Mother, but handy for all.

Judy Damas is a properly ambitious

Bianca, Alyson Spiro a more domesti-cally selfish Isabella. Patricia Quinn's insatiable Livia is as handsome as she is appalling. Apart from the Cardinal, Leantio, ably played by Mark Jax, is the only near-respectable one of the men, unless you count the idiotic Ward, whom Joe Dixon makes hyper-idiotic, but the acting is all good, The play is like a fine blend of Jacobean drama and

B.A. Young Patricia Quinn



La traviata

THEATRE ROYAL, GLASGOW

Scottish Opera can take the credit for "discovering" Nuria Espert as an opera director with the Madama Butterfly that she produced in Glasgow in 1987. That staging was brought to Covent Garden last autumn, where it was speedily followed by her new Bigoletto. Ms Espert has returned to Scotland for her third venture in Britain; the Traviata which opened on Tuesday is a co-production with Teatro Lirico Nacional La Zarzuela. It should be received with more modified rapture than greeted her Butterfly, but attract fewer strictures than

Again she is working with the designer Ezio Frigerio (sets) and Franca Squarciaping (costumes); one recognises the familiar attention to period detail and the confident filling of the full proscenium space -sombre high-walled rooms for the parties, airy, sparkling windows and shutters for the Act 2 villa, and a deathbed lodged in the dilapidated remnants of the room in which the opera had opened, the portraits now stripped from the walls to leave faded, desolate outlines. All that is so right: but less convincing across the span of the opera is Espert's control of the

In short stretches it springs vividly to life, and those spells of concentration tend to lengthen as the opera moves towards its final scene, so that can be played out with a sustained tension that is totally riveting. But important moments earlier are lost, and the first meeting of Germont pere and Violetta is critically lacking in intensity. Played so flatly it gives the whole second act an uncertain centre and provides nothing on which to pivot the remainder of the

How any individual section is realised appears to have depended on the director's ability to construct a theatrical Clement Crisp | metaphor for each given

tragedy.

Nancy Gustafson

context; so "Sempre libera degg'io" is provided with a startling counterpoint when Violetta class in her hand, while the final scene is dominated by her increasingly desperate attempts to struggle into a flaming pink party dress. When a supply of such images cannot be furnished, the opera begins to lose its texture: any requirement for the music and drama to be made mutually dependent, each reinforcing the other, or indeed for the characters themselves to establish connections, finds this produc-

tion wanting. In the programme, John Mauceri lays great emphasis on his keenness to give the score as fully as possible, with every verse of each aria restored and two full intervals to articulate the three acts. Certainly he justifies his decision; everything from a rapt prelude to the first act onwards is unfolded with careful pacing and weight.
Though it is not an excitable account, the density of tone

visited upon the curtain of the second act is considerable and once again he has persuaded the Scottish Opera Orchestra to play at their very best for him, though nothing that derives from the pit can pull the drama together when

things sag.
Nancy Gustafson's Violetta
is understandably most persuasive when the focus is sharp; her singing is stylish and tidy always, but lacking intrinsic excitement and sometimes power. But the way in which she handles the last act, every detail fixed and pertinent, goes a long way to compensate for earlier blandness. Jorge Pita has a convincing if scaled-down heroic timbre, but faltered disturbingly in the second act, and did not give Alfredo any kind of allure or tragic dimension. James Dietsch's Germont used what is not intrinsically an appealing voice with tact and sensitive phrasing, though he suffered from being underproduced, as if this portrayal had strayed in from another concept altogether in which everything was pared down to the central

I don't think that is Espert's intention, though one cannot be quite sure. There is not much going on elsewhere on the stage, and other characters flit in and out without impressing themselves on the action at all, while the handling of the chorus is confusing, veering between carefully choreographed traffic around the stage and regimented block formation. The chance to relate Violetta to the society which fashioned her and which Frigerio could have evoked so precisely is altogether ignored. The appearance of the matadors is capped by a splendid Spanish dancer (Gabriel Here-dia); when the biggest ovation of the evening is reserved for him, one knows something has gone awry.

Andrew Clements

The Black Prince

ALDWYCH THEATRE

A new play in the West End by Iris Murdoch: a rare, forgotten pleasure since the long-run-ning days of A Severed Head, on which J B Priestley collaborated, and The Italian Girl. Even more so than those novels. The Black Prince (1973) lends itself to the stage. The loan is particularly welcome for the electrifying performance it elicits from Ian McDiarmid as Bradley Pearson, the Black Prince, Bardic ence, perfectionist writer

and tax inspector. Here are yet more aspects of love. The world is closing down on Bradley as he tries to escape. The taxi to King's Cross coincides with a deterrent ring at the door. Brad-ley's rival and protegé, Arnold Baffin, has brutalised his wife, Rachel. Their daughter, Julian (sic), has a crush on Bradley and wants him to help her with Hamlet Bradley's sister, Priscilla, has left her husband and gone mad. Bradley's exwife, Christine, has turned up, and so has Bradley's disgraced

If indeed life is lived twice, the first time as tragedy, the second time as farce, then the theatrical compression is here a tragical farce. And a deli-ciously cerebrai one. In the first act, doors slam, telephones ring, and Mr McDiar-mid overflows with a bilious resentment bordering on intes tinal fury. The ludicrous entwinements that characterise all Murdoch fictions are given a sort of yelping physical dimension. But insistently, Bradley argues the cause of truth, the value of art.

He cuts a figure both touching and pathetic. In the novel, the literary analogues reside in both Hamlet and Rosenkavalier. On stage, the latter is dispensed with and we lose the comically banal equivalent of Octavian's callow lust for the Marschallin.

Instead, the blazing Hamlet tutorial, during which McDiarmid is literally flattened by an erotic thunderbolt, becomes the emotional lynchpin of an entertainment that wittily and cruelly dissects the indiscriminate power of obsessive love; and the relationship between action and narration, between Hamlet as a character and an embodiment of his creator,

between Bradley as a puppet

and Bradley as our trusted navigator.
These are powerful tensions

in the theatre, and McDiarmid perfects a stunning graduation from hysterically nutty marionette to sobbing, tear-stained victim. "We have no language in which to tell the truth about ourselves" is the most truthful thing he says all even-ing. Having been told of his sister's suicide, he is spurred to complete the seduction of Julian who has dressed up as Hamlet complete with black

tights and sheep's skull. The skull is a memento mori from the beach, and although the switch of location signals a change in temperature from the hectic to the rhapsodic, there are slight awkwardnesses of adaptation that Stuart Burge's otherwise vig-orous direction and Ultz's clumpy settings cannot disguise

The second act starts with the wonderful sight of a spooky calm between the storms. Love-smitten Bradley social state McDiarmid am driven sane" - makes as oddly grotesque as his biliousness. His manic hospitality embraces some exceptional supporting performances.

The Baffins are played by the pawkily bland Simon Williams and the magnificently blowzy, bosomy Sarah Badel (an actress we see too little of but not on this occasion). John Fortune is a treat as Francis (dried out since the novel), wrapping up the Hamlet connection with an avowal of Bradley's homosexuality in the cunning postcripts of dis-association. Deborah Norton is the screeching divorcée, and Norma West, an actress new to me, is outstanding as the quakingly vulnerable Priscilla. Also new is Abigail Cruttenden as Julian, a second Imo-gen Stubbs but with a far more disarming maturity of technique and expression.

This convocation of talent is further evidence of the new creative surge in the commercial sector instigated by the producer Josephine Hart. McDiarmid gives a performance which is already an indelible highlight of the the atrical year: strong, brave, funny and genuinely tragic.

Michael Coveney

ARTS GUIDE

EXHIBITIONS

The Boyal Academy. The Royal Treasures of Sweden 1550-1700. An exhibition that sounds somehat dry and daunting but is in fact a wonderful spread oriches, beautifully presente riches, beautifully presented, trophics drawn from across the whole of Europe in the time of Sweden's abrubt emergence as a European power, Daily until

Paris.

Grand Palais. The French Revo-lution in Europe. A vast exhibi-tion organised by the Council of Europe tries to situate the French Revolution in the social and political context of Europe as a whole, Closed Tue, Late opening night Wed. Ends June 26 (42895410). The Louvre, Les donateurs du

Louvre. Aptly, the newly refur-bished museum inaugurates the 1,200 square metres of space cre-ated underground for temporary exhibitions by expressing grati-tude for the generosity of donors tude for the generosity of donor throughout its existence. What would the Louvre be without Rembrandt's Bethsabee, Goya's Marquise of Solana or without minutes of solana or without the odalisques in the Turkish Bath by Ingres? Without the Care-co-Roman silverware from Bosco-reale, the towering effigy of King Amenophis IV or Cressent's 18th Amenophis IV or Cressent's 18th century Commode with a Monkey? Between the first gift – a 17th century Dutch genre scene A Dropsical Woman bestowed by a young officer in 1798 and the last offering – Saint Thomas by Georges de la Tour purchased thanks to a public subscription.

in 1968, 350 works chosen from among tens of thousands show the excellence and variety of donations, Tuesdays, Ends August 21, Entry through the Pyramid, Hall Napoleon, Niveau

Amsterdam

Stedelijk Museum. The first major retrospective of the work or Kasimir Malevich combines loans from leading Soviet gal-leries with the famous holdings of the host museum. Ends May

28. Van Gogh Museum. Prints, drawings and gouaches illuminate the work of Gauguin's followers who banded together under the name Les Nahis. Ends May 28.

Palais des Bezux-Arts. Art Deco in Europe. Tues-Sat, closed Mon. in Europe, Tues-Sat, closed Mon. Ends May 28.
Musées Royaux d'Art et d'Ristotre. Tibet — Terror and Magic, sculptures and paintings of lamaist gods on loan from the Musee Guimet, Paris. Indus: Ancient Civilisation from Pakistan (both closed Monday and ends May 14)(733 9610).
Archives Generales du Royaume. Witches in the Netherlands, 18-17 centuries (closed Monday).
Banque, Bruxelles Lambert.
Women at the Time of the

Women at the Time of the French Revolution – daily, ends May 15. Galerie CGER. The Heritage of the French Revolution 1794-1814. Daily, ends June 11.

Frankfurt

'Je Suis le Cahier', the sketch-books of Picasso. This exhibition of 40 sketchbooks and around

200 paintings, organised by the New York based Pace Gallery and sponsored by the American and sponsored by the American Express company, will have its second stop here in Frankfurt on the European tour. These las-cinating sketchbooks, owned by Picasso's family have never been shown in public before. been shown in public before.
All styles and periods in his working life are represented here. These books cover around 70 years of his life; his start in Spain of the turn of the century, the cubism period before the First World War, and followed by the priced from 1920 to 1965.

every dance lover.

by the period from 1920 to 1965. Ends May 28.

Pritz Koenig. 35 sculptures worked in iron. 70 script pictures and 80 drawings by the German artist Fritz Koenig, born in 1924 are exhibited until May 1. Akade-mie der Künste, Hanseatenweg

Frankfurt

Kunstmesse, Ludwig Erhard-An-lage 1 (Messegelände). Frank-furt's first international art fair from April 21 to 26 will be pres-ented in Helmut Jahn's newly built hall No 1. with 205 seperate cuit hall No 1. win 225 seperate gallegies on two floors of the impressive building. The fair focuses on the avanitarde, but with some modern classical work. There are some not so well known aspects of modern art in caramic, glass and design, and books specially created by the artists. the artists.

Bilderstreit. Rheinhallen der

leading lights of Vienna's fin-de-siècle, for next to nothing in the 1950s. There are some wonderful Klimt sketches and Kokoschkas. Kölner Messe, Messegelände. Deutz. The two organisers Johan nes Gachnang and Siegfried Gohr, present "contradictions and contrasts as the essential source for the debate about contemporary art". This exhibition Well worth catching. Ends June. Rome is in contrast to avantgarde: it explains areas of action and Accademia di Spagna. The Mirós of Miró: More than 100 works by Joan Miró, including ceram-ics, drawings and watercolours and oils, which had been kept attempts to provide an unprejudiced outlook on the current art scene. Approximately 1,000 works by 130 artists concentrate

on art since 1960. The show should give a detailed view of different art styles, with "old classics" of modern art next to works by contemporary artists. Among them are Gilbert and George, Kasimir Malewitsch, Blinky Palermos, Carl Andres, Edvard Munch, Markus Luepertz, photographers Bernd and Hilla cher, Joseph Benys and Dada-painter Manay ist painter Marcel Duchamp John Baldessaris and Georg Bas-elitz. There are also works from William Copley's collection by Duchamp, Man Ray, Max Ernst and Rene Magritte. Ends July

Secession. There is always some exhibition by Austrian artists on show here. But it is also worthwhile to go downstairs and see Klimt's Beethoven Frieza, which has been restored to its original place. The Secession, home of Vienna's fin-de-siècle painters, has been wonderfully restored. The Kunstforum, a new art gal-

lery run by the state-run Lean-derbank, makes its debut with the Leopold collection, a Vien-

nese who bought several paint-ings by Egon Schiele, one of the

in the artist's studio in Majorca until his death in 1983. Until June 4.

New York

Pierpont Morgan Library, Master drawings borrowed from Hol-land's oldest museum, the Teyler in Haarlem, focuses on work by Michelangelo, Raphael, Goizius, Rembrandt and Guercino among 100 pieces from the 16th and 17th not pieces from the loth and lyth centuries. Ends April 30.

Museum of Modern Art. In advance of its arrival at London's Hayward Callery in November, the first retrospective of the work of Andy Warhol since 1970 surveys all his work from the 1950s covering the Commission. 1950s, covering the Campbell's Soup cans, silkscreens on canvas of Elvis, Jackie Kennedy, Mari-lyn Monroe and other movie stars, disaster paintings and numerous self-portraits. Ends May 2.

Washington

National Gallery. More than 160 objects from the Fitzwilliam Museum in Cambridge include paintings by Titian, Guercino, Rubens, Van Dyck and William Biake. In addition illuminated manuscripts, ceramics and bronzes show off a collection

that is considered "perhaps Britain's pre-eminent museum." Ends June 18.

April 21-27

Art Institute.As part of a national tour, 67 rare ancient Greek sculptures, bronzes, and painted terracotta trace the development of the human form in art from the tenth to the fifth centuries BC. Ends May 7.

National Museum. Screen Paint-ings of the Muromachi Period (1334-1573). The Muromachi (134-1573). The Muromachi
Period corresponds to the Renaissance in Europe and much of
its art was produced under the
influence of Zen Buddhism and
of Chinese ink painting of the
Sung and Yuan dynasties. Landscape, birds and flowers are
among the favouritie subjects
and this exhibition includes among the ravourne subjects and this exhibition includes works by such masters of the genre as Sesshu and Kano Motonobu. Closed Mondays.
National Museum of Western Art. Masterpieces from the Vatican. A somewhat random selection of paintings and sculptures, chosen in demonstrate the development. chosen to demonstrate the devel-opment of western art from ancient Greece to the Renais-sance as well as to present the architecture of the Vatican itself. architecture of the valuant asset.
Closed Mondays.
Hara Minseum, Kitashinagawa.
Hara Annual IX. Recent works
by ten young and upcoming Japanese artists: an opportunity to view trends and developmen in contemporary Japanese art. The museum was renovated recently in anticipation of its tenth anniversary. Closed Mon-

SALEROOM Records all the way

Sotheby's and Christie's in London have successfully mar-keted the fact in the last three years that they can best sell the cream of Scandinavian art, especially the creative output of the 19th century which was or the 19th century which was over looked for generations. Record price followed record price and a new genre of painting was accepted by the collecting world. This has incensed Bukowski's, the leading auction house in Stockholm, which got its own back on Tuesday by proving that the art of the North could sell just as well on home territory. It set new auction records for three of the top Scandinator three of the top scandina-vian artists. A typical nude girl by Anders Zorn, emerging from a fiord with a rather apprehensive look, painted late in his life in 1918, sold for £1.1m, ensuring that he joins the select band of artists to have topped £1m. His more homely contemporary Carl Larsson, who preferred to paint his family, set a new high of £440,000 for a portrait of his daughter Lisbeth wear-

ing her new hat while a Bruno

Liljerfors of the same era, a more challenging work of a fox stalking thrushes, sold for €240.000.

Salerooms love to claim records, the more obscure the better. Christie's was chancing better. Christie's was thanking its arm yesterday by asserting that the £104,500 paid for a pair of library globes was a new high for the sector. The globes, both terrestrial and celestial, were probably made in Milan in the 17th century, a pair of only five of the type known to have survived. They were copied from the maps of Mattheus Greuter and the buyer paid comfortably over the £60,000

upper estimate.

There were plenty of records for Christie's in New York on Tuesday night in a photogra-phy sale to celebrate 150 years of the art form. A Man Ray, "Kiki Silhouette", more than doubled its estimate at £37,714 to a Japanese collector while a Japanese company bought a photomontage by the Russian

Antony Thorncroft

El Lissitzky for £36,457.

FINANCIAL TIMES

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Thursday April 27 1989

Further to go on farm costs

EUROPE'S FARM ministers have agreed this year's price package a full two months earlier than they managed last year and the year before. What is more, they have agreed to measures which do not in any important respect compromise the process, set in train at the Brussels summit 14 months ago, of controlling spending on the costly common agricultural

That is all good news. Before the summit, farm spending was rocketing, and at some Ecu 27bn accounted for two thirds of the total European Community budget. Now the farm budget is actually Ecu 2bn lower than the guideline set by the summit and well within sight of the target fixed for it, at half the total budget

Unfortunately the combined success of the ministers, the Spanish presidency, and Mr Raymond MacSharry, the new agriculture commissioner, in achieving such a timely price package does not mean that all is well with the process of reforming the monstrously complex CAP which, along with the almost equally costly US system of farm subsidies has done so much to distort world farm trade.

Cereal prices

To start with, the success in keeping the EC farm budget within bounds owes too much for comfort to the accident of the rise in world cereal prices following last summer's US drought, rather than to the so-called budget stabiliser mechanisms set in train by the EC itself. The drought has effectively given Brussels a windfall, since it has lowered the export subsidies which go to make high priced EC commodities competitive in export markets. Farm spending could well threaten to get out of con-trol again if, as is quite possi-ble, there are record cereal harvests in the next year or two in the US and the EC.

On the broader front however, the worry is that, although the procedural logiam on agriculture in the negotiations in the General Agreement on Tariffs and Trade (Gatt) was broken in Geneva earlier this month, the prospect of a radical reform of the

Two areas of concern stand out. It was certainly naïve to expect that negotiations on farm reform could take place on the basis of the opening stand of the US Reagan Admin-istration, which called for the abolition of all farm subsidies within 10 years. The EC made it clear that it wanted support for its farmers to be retained and the agreement struck in Geneva was on that basis.

Freeze on support

However, although the agreement restates that the longer-term objective of the Gatt parties remains the estab-lishment of a fair and marketoriented agricultural trading system, the short-term mea-sures agreed suggest that the EC will have to make no further reductions in support levels for at least two years. This is because the principal measure, a freeze on current support levels, is to be calculated in such a way that what the EC has already achieved under the programme of stabilisers can be counted in its favour with the Gatt.

In addition there is concern that the major trading blocs still have a long way to go before they reach agreement on how they should measure – and thus equitably reduce the support each gives to its farmers in the longer term.

The US and the farm exporting Cairns group of nations favour the instrument known as the producer subsidy equivalent, drawn up by the OECD. This measures all subsidies and import restrictions of benefit to producers, expressing them as as a percentage of the total price paid to the pro-ducer. The EC, by seeking to include currency and world price movements, is intent on watering this measure down.

It may be too early to claim, as some expert commentators have done, that the Geneva agreement on farm reform makes it unlikely that the EC or the US will make any effec-tive reductions in protection or subsidisation over the next few years. But there should be no illusions that a sensible deal on reforming world farm trade is round the corner. There are far too many opportunities for backsliding and complacency

A cold wind from below

the intelligentsia and the working class. The first, avid for the intellectual freedom they have never had and have now tasted, give allegiance to the most radical of reformers and threaten to outrun even these. The second spectre is usually mute. The workers have an independent voice only in Poland, where the Catholic Church preserved civil society from the fragmentation suffered elsewhere in Eastern Europe and was able to deliver workers and intellectuals to Solidarity, led by the devout Catholic electrician, Mr Lech Walesa. It was Solidarity, and its success in the yards, mines, plants and offices of Poland. which has been the largest

TWO SPECTRES are haunting the leaders of the reforming Communist states of the Soviet

Union, Poland and Hungary:

component in the historic com-promise made between party and people earlier this month. In Hungary - as Mr Imre Pozsgay, the ultra-reforming deputy Prime Minister said in London yesterday - "the anonymous masses have not spoken," leaving the field instead to the factions within the Hungarian Socialist Workers Party and the feverishly active groups of intellectuals in Budapest. But Mr Pozsgay recognised that "when people cannot tolerate any more they would burst out in rebellion." Big Brother knows these fears. Mr Mikhail Gorbachev must have felt the chill even if it was in part refreshing, when he saw the first results of the voting in last month's elections to the new Soviet parliament.

Living standards

Some leading Communists notably in Leningrad - could not even win seats where they had no competition. Boris Yeltsin cleaned up in Moscow on an anti-party privileges ticket which was demagogic, irresponsible and hugely popular. The pro-independence move-ments swept the Baltics. It was resentment over Party authoritarianism. Russian chauvinism and most of all over grim liv-

His response has been to throw out the old cards, 110 of them, who have been stacked to one side since Leonid Brezhnev died. It shows he remains

in the political ascendant, that he is capable of moving firmly but not precipitately, that he has not become bogged down or exhausted. If the new Cen-tral Committee is not yet exactly "his", it is certainly no

longer a Brezhnev hangover.

It has been reshaped less than two months before it must deal, at a Plenum, with its most delicate question rights and responsibilities of the republics which consti-tute the Soviet Union, It is this which could most easily wreck the measured pace of reform the Soviet leader has tried to

Popular nationalism

If, below the decades of class

struggle and class "victory which has been the official ver-sion of how Soviet society was evolving, there has been preserved a popular nationalism then a strategy which seeks to replace coercion with democ-racy and rights will find it hideously hard to dictate the pace of change – and may fail. Further the very nature of

the reforms embraced by all the movers and shakers of the Communist bloc – bringing in the market – will disturb and likely further impoverish many workers. Knowing this, all three - most particularly the Soviet Union - are dithering on economic reforms. Unlike the intelligentsia, the workers have little incentive to accept rights in lieu of sausages. Common to them all, too, is a much greater transparency

of the political process: the tensions are easier to see. Mr Pozsgay was probably right when he repeated his view yes-terday that the reformers should keep a grip on the Party, isolating the conserva-tives, but not allowing a political vacuum to develop as they transit towards a more democratic time.

Mr Gorbachev has not sounded nearly so democratic as Mr Pozsgay, but is now less constrained by dogmatists and more impressed by popular will. His twin spectres can drive him faster, though often in contradictory directions. He has fewer obstacles but fewer excuses. He must now cease to assume he acts in the name of the working class - and do something for it instead.

his is a good time for an intelligent teenager's guide to the trade figures. The publication of estimates for a complete quarter happily coincides with this week's Economic Viewpoint. Moreover, various distortions, such as oil disasters and threatened dock and other stellars are the stellars and the stellars. other strikes, may from now on so distort the trade picture that this may be the last chance to review trends for some time.

My first advice to the teenager would be to forget alto-gether the estimate for March alone. Monthly fluctuations are so erratic that almost nothing can be learned from them. Our teenager can get a bird's eye view of the balance of payments by looking at the first quarter's deficit at an annual

rate - some £18bn per annum. Even quarterly movements can be quite erratic. So we can be quite erratic. So we need to look for possible distortions. But having done so, £18bn still seems within the right ball park. It is smaller than in the last quarter of 1988 but larger than the £14%bn recorded in 1988 and also forecast by the Treasury for 1989. Our teenager should now move quickly to Table 6 in the press release. This shows trade in volume exclusive of oil and erratic items such as aircraft. Two most interesting trends immediately emerge. Export volume in the first quarter was 11 per cent above a year ago. But the growth of import volume was still greater - 17 per cent. This is a sign of the infla-

tionary growth of demand for which the current deficit has acted as a safety valve. Secondly, however, in the shorter period since the last quarter of 1988, export volume has increased faster than import volume, namely by 6½ per cent compared with 3 per cent. One could make these last changes look very sensa-tional by annualising them and inviting the Treasury Commit-tee of the House of Commons, which made great play in its recent report with the implausibility of the officially forecast improvements in the balance of payments, to bite the dust. But that would be to reduce

the level of argument.
A safer conclusion is to say that we have here some very tentative evidence of the "capacity effect" of lower home demand in releasing resources for exports at which the Committee sneered.

There is stronger evidence, however, of a slow-down in domestic demand, which fits in with other indicators that the economy may be coming off the boil. The most important other signals are the levelling off in the housing market and the CBI Survey, which shows a notable easing in capacity con-straints, although at a historically high level.

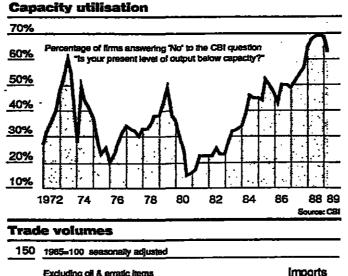
It is also worth taking a squint at the unit value indices. These show that despite the still moderate increase in import prices (most of which were due to fuel), export prices rose still further. This again throws doubt on whether British industry is yet under a severe squeeze from the exchange rate or anything else, and suggests that it has ample scope to adjust to future pres-sures by a tougher attitude to

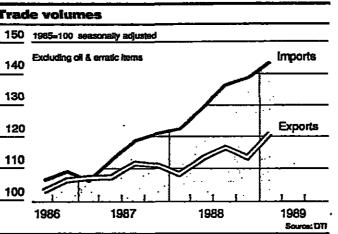
labour costs. The main inflationary forces are probably now shifting from capacity constraints to labour shortages. This is suggested

ECONOMIC VIEWPOINT

Teenager's guide to UK trade

By Samuel Brittan





both by the continued drop in unemployment and the resurgence of union militancy.

* * * et us suppose that the current deficit levels off at a published figure of around £14bn. This would correspond to just under 3 per cent of GDP, a percentage which would decline gradually as GDP rose. Would that be the end of the world? The Treasury Committee seems to think it would be.
Its whole analysis of Govern-

ment policy stands or falls by one assertion: that of its spe-cialist adviser, Gavyn Davies of Goldman Sachs, who does not know of any major country which has run a series of curing to a similar percentage of GDP without meeting currency difficulties. This assertion about the past is taken by the Committee as a prediction for the future.

Even as a historical assertion, the dictum about payments deficits is highly disputable. The obvious comparison is with the US, which has run just such a series of deficits. But has it had the currency difficulties which the Committee has in mind? Of course the dollar has fallen heavily since 1985. But that was after a giddy rise which the then US Treasury

Secretary James Baker desperately wished to reverse.

Be that as it may, the Treasury Committee has certainly not shown that a deficit of under 3 per cent of GDP — let under 3 per cent of GDP - let alone one of 2 per cent, which may be more like the correct estimate for the UK after allowing for the black holes in the statistics - cannot in the

right circumstances be sus-tained for several years. The big change since the examples cited by Davies has been the growth and liberalisation of world capital markets which there have been ample savings surpluses to invest, but a shortage of cred-

it-worthy borrowers. The issue was recently posed in far more interesting and forward looking terms by Walter Eitis, director general of the National Economic Develop-ment Office (Nedo). Mr Eltis lists three possible explana-tions for the current account deterioration in 1988. They are: • The very large increase in

investment last year - proba-bly 14 per cent - which was not offset by a corresponding increase in savings.

• An excessively limited range of products that the UK is able to supply competitively. leading to bottlenecks and import surges whenever demand grows rapidly.

• A rise in the exchange rate weakening competitiveness. Nedo's own industry-by-industry approach tends to put the emphasis on the second set of factors. As for sterling, Mr Eltis says that the pound remains competitive at DM 3.20 and that there have been relaann that there have been relatively few complaints about competitiveness in relation to Community countries. The complaints have come in relation to the dollar – where sterling appreciation has been a trend since 1985 rather than a good on the beau and has been sudden shift - and has been the mirror image of the dollar's own fall to more realistic levels. There is no way by which the pound and dollar causimultaneously be lower against each other.

The first Eltis explanation, the investment boom, is the most fundamental. It is of course a variant of the excess demand explanation. But its special feature is that the unexpected increase in demand has been of a kind likely to increase future capacity and

Mr Eltis asked the National Economic Development Council meeting of April 5 whether it would welcome the continuation of the present upsurge of investment, even if a fraction of it continued to be financed overseas via a current account

deficit. Let me try to answer. The difference between a continuing deficit and a rising deficit is crucial here. A continuing deficit would not necessarily be a problem. A rising deficit, on the other hand, is a sign of increasing excess demand; and it is doubtful if the financial markets would finance it on tolerable terms, however virtuous its source.

It is however, extremely unlikely that investment could, should, or will continue to grow at anything like the 1988 rates. If investment grows a lit-tle more slowly and there is some moderation of consumer spending, then aggregate domestic demand growth will slow down. But it is unlikely to slow down enough to eliminate or perhaps even reduce the deficit very much by 1990, 1992, or

some such magic date. Such a development should only bother those enveloped in a time warp. There would be a better balance between investment and consumption than in most of the last decade, and so long as the overseas sector financed a stable current deficit (which would be declining slightly as a proportion o GDP) at a non-depreciating exchange rate, inflation too would be under control. Over the years more of the deficit payments and less to paying for imports. But in the meanwhile British industry would

have been re-equipped. In the end there will always be a flow of funds from coun-tries with savings surpluses to others where the rate of return on new equipment exceeds the real rate of interest - a healthy trend which will never be understood by those in the grip of mercantilist doctrine. BOOK REVIEW

No one is in charge

Translating Shakespeare into Japanese is not easy. But it can be posi-Japanese back into English.
Thus the opening lines of the soliloguy in Hamlet come out as: "It is; it isn't; what is it?"
Which would have made an excellent title for this most thoughtful of books. For whereas most essays on modern Japan, including some good ones, focus on conspiracy theories of one form or another, Mr van Wolferen goes an important stage further. Indeed, his work may be seen either as a complex exposition of the anti-conspiracy thesis, or as an even more devi-ous exercise, the ultimate con-spiracy theory, for which, in the author's words, the argu-ment runs as follows:

"Statectaft in Japan is quite different from in Europe, the Americas and most of contemporary Asia. For centuries it has entailed a balance between semi-autonomous groups that share in power. Today, the most powerful groups include certain ministry officials, some political cliques and clusters of bureaucrat-businessmen. There are many lesser ones, such as the agricultural co-operatives, the police, the press and gang-

This much is unexceptional. What makes the Japanese system so different from others, so frustrating to deal with and this book such an excellent read is the author's fundamen-tal contention that "no one is ultimately in charge." The component parts are "each endowed with discretionary powers that undermine the authority of the state (but) are

not represented by any central body that rules the roost."
At this point the foreign unbeliever might well pause; surely we have been told over the years that Japan Inc has a mastermind, fed on sushi and green tea in some basement of the Ministry of International Trade and Industry, designing ever widening quality circles. In any case, have we not seen, only this week, the Prime Minister of Japan announce his intention to resign to take "responsibility" for the Recruit

scandal? It is precisely these logical Western questions which, Mr van Wolferen contends, allows Japan to get away with it. Take, for example, the Mae-kawa report on restructuring the Japanese economy, produced with such fanfare, and to such foreign applause, in 1985-86. Mr Nakasone, then Prime Minister, did take responsibility for it (not sur prisingly, since he commis-sioned it). But at precisely the time he was presenting it to Washington, his party and bureaucracy in Tokyo were. unnoticed by a wider world which thought a Japanese prime minister had real power, disowning it left, right and cen-tre. It has since withered on

Not that the author, a Dutch

THE ENIGMA OF JAPANESE POWER By Karel van Wolferen Macmillan Elis 35

journalist who has lived in and around Tokyo for over 25 years, necessarily believes that this is a deliberate or conscious plot by the Japanese to pull the wool over the eyes of the Western competition. Indeed, the overwhelming strength of his book is the extent to which it destroys the myth that Japan is run in the way it is because the country is somehow cultur-

ally unique.

At this point, even the Japanese might baulk at the analysis, because they do believe themselves to be unique. Centuries of isolation may have induced an attitude to the outside world which is rather different. But a serious analysis of the Japanese power struc-ture suggests that Japan has not reinvented the wheel for

Thus, on the rare occasions that the Japanese people have been given the freedom to make their own decisions, they have done much what others have done. They formed free trade unions in the 1920s; immediately after the war their teachers, admittedly with the encouragement of the US Occu-pation, did react against the oppressive and uniform moral" system of education Yet the system has been art-ful in the extreme at containing dissent and thus retaining power. Rather than crushing nascent consumerism outright, the agricultural lobby co-opted it; rather than banning trade unions, the big companies incorporated them; rather than suppressing the press the establishment adopted it, to the extraordinary and classic point that only one newspaper ever reported the turmoil of China's cultural revolution because news of it might harm budding Sino-Japanese rela-tions (the exception only acted as it did because it was part of

the Taiwan lobby). Nowhere is Mr van Wolfer-en's expertise better dis played than in his analysis of Japanese politics. If he has a hero, then it is Kakuei Tanaka, because he was an outsider who beat the system at its own game. He did not win every battle, since he was forced to resign as Prime Minister for being too free with his largesse and was later convicted in the Lockheed affair. But against these defeats must be set the tact that h e built machine after leaving office to the point that he determined the political succession for a decade, and, albeit indirectly,

may yet again. This book works because it is serious (even scholarly), well informed and, above all, objective. Would that it were widely read in Japan, even in transla-tion.

Jurek Martin

An historic share offer

■ The bishop and dean of Hereford Cathedral may have just taken the somewhat adventurous step of becoming directors of a public company, but they certainly do not see this as a venture into the realms of capitalism.
"I don't think we're selling

anything at all, more inviting people to give," insisted the Rt Rev John Eastaugh, the Lord Bishop, yesterday as he launched the public offer to subscribe for at least £2.8m, and up to £7.45m, worth of shares in Mappa Mundi plc whose only asset will be Here-ford Cathedral's famous medi-

eval map.
Nevertheless, would-be investors in the company, dreamed up as a more palatable solution to the Cathedral's funding crisis than the desperate measure of putting the thir-teenth century treasure under the hammer at Sotheby's, need not be without hope of mone-tary gain although there will be no dividend for the first vear at least.

Clearly, anybody aiming to make a killing out of a take-over bid need not apply. A Cathedral Trust will control a majority of the shares and share" conferring the right to prevent the map being removed from Hereford. However, the sale value of

the share certificates - high quality half-sized facsimiles of the map, individually signed and sealed by the bishop and dean - may well turn out to be greater than the offer price of £1,000. There is also the prospect of income arising from the proceeds of exploitation of the marketing rights

to the map.
At the least, investors need not fear that the rarity of the certificates will be diluted by further issues, for Mappa Mundi plc has given assurances the 7,450 certificates will not be reproduced. But since they are unlisted, and there

OBSERVER



The baked beans have a half

are no dealing arranger they will hardly be liquid. Whatever the uncertainties around 200 people have already expressed interest in investing so the offer at the moment seems set for success. Applica-tions for the subscription, which opens next Wednesday, are available from Lloyds

Force feeding Health food has begun to make its inroads into the bastion of chicken curry and

"compo" rations that is the British Army, An Army cook-ery contest being held at Alder shot today will include for the first time a "healthy eating competition" among its six classes. The contest, which will be attended by the Duch-ess of Kent, is held every two years. It will feature 90 finalists selected from preliminary rounds held in units and garri-sons throughout the UK. West Germany and Cyprus. There will be, as usual, a chef of the year, a young chef of the year, a "cook and serve" competition, a hospital team contest

and an open-air field cookery event.

The army says the new item in the competition is "to stimulate unit catering staff to explore the potential in formu-lation, preparation and presen-tation of the unit diet in line with the concept of healthier eating." A spokesman explained it was the policy of the director. The director of the Army Catering Corps is called Brigadier Barry Blox-

Forced out m Real, as opposed to imagined, statistics about the

world's 14m refugees, 40 per cent of whom are Afghan, help dispel the myth that they are mainly opportunists hoping to get to the West to improve their lowly economic lot. More than 90 per cent are indeed from the third world but more than 95 per cent seek asylum within that third world; only per cent is accepted for reset tlement in third countries. A depressing account of the miserable life of refugees the world over, with a dramatic

collection of stark black and white phototgraphs is pub-lished today in a book entitled "Forced Out" by Penguin (£12.95) with a commentary by William Shawcross who notes that one of the problems facing today's refugees is Com-passion Fatigue. The results can be fatal. The largest donors through the UN agencies fund-ing refugees, their food, medicines and camps are the US and the European Community followed by Japan and West Germany with Saudi Arabia and Kuwait both figuring in the top 20. However, contributions on a per capita basis shine a more predictable light on generosity with only Denmark, Norway, Sweden, Switzerland, Finland, Holland and Canada giving more than \$1 a year for each of its citizens.

Aux armes

as only the French can be, to ensure that the climax of bicentenaire celebrations commemorating the storming of the Bastille will be both stylish and extravagant. In just two hours on July 14, Bastille Day, a \$17m spectacle will unfold, the British offering including some suitably inclement weather in the form of artifi-cial fog to shroud a pipe band. The high note will be provided by Jessye Norman, the splen-did US soprano, who will lead the singing of La Marseillaise in the Place de la Concorde.

■ The French are determined,

The organisers want Miss Norman to appear from within a pyramid as a huge wall of water parts behind her. They should remember that operatic disasters have a distressing disasters have a distressing tendency to be monumental. It was at the Paris Opera some years ago that as Grace Burnbry ascended a gigantic stair-case in Alda it began to divide down the middle. With a foot on each half she scaled ever higher notes as she began to do the splits before a last second and none too elegant leap to safety. I hope Ms Norman can both dive and swim.

Purrestroika

■ Perestroika reached the animal kingdom yesterday when a British and and a Russian cat club got together in London. Disaster nearly struck when the British Embassy in Moscow withheld visas for the trip because, according to one of the Russian party, "they didn't believe we were going to do what we said we were going to do." Intervention by a cat lover at the British Foreign Office saved the day although the Russians were without their leader, Mrs Olga Frolova, who was in a Moscow hospital instead. She had tripped over a cat and broken a leg.

Robin Pauley

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made about the National Health Service since the Government published its proposed reforms in January, none is more memorable than the

"wallet" remark.
"I do wish that the more suspicious of our GPs would stop-feeling nervously for their wal-lets every time I mention the word reform," said Mr Kenneth Clarke, Health Secretary, to family doctors last month.

With this remark, Mr Clarke joined a tradition of political joined a tradition of political frustration with the medical profession shared by David Lloyd George, in the early years of the century, and Aneurin Bevan, the Labour Minister of Health who introduced the NHS after the Second World War.

Both his prodecessors ended

Both his predecessors ended up by compromising with the doctors in order to get their reforms through. Will Mr Clarke have to do the same, to overcome the doctors' opposi-tion to his White Paper, Work-

ing for Patients?
Dr John Marks, chairman of the BMA Council, who began his career on the day the NHS was founded, fiercely rejects Government suggestions that doctors' opposition to the white paper is motived by the possible impact on their wal-lets. "I object to a fairly respected profession being vili-fied because we are the only people prepared to stop and think. Mr Clarke says we have a vested interest. In fact we have no axe to grind. Doctors will make a living whatever the system. Our concern is for

The BMA and other medical organisations fear that the Government's proposals would undermine the concept of a truly national health service with comprehensive and common standards of care in all parts of the country. Critics say it would shift the emphasis of health care from quality to cost, and introduce the worst commercial aspects of the US system into British medicine.

The BMA is currently fighting to get its message across to patients through millions of leaflets and posters carrying the slogans "An SOS for the NHS" and "The National Health Service urgently needs

Mr Clarke has taken angry issue with BMA claims that the Government is threatening to force doctors to limit the costs of medicines they can prescribe and send patients to hospitals where treatment is cheapest. The BMS says all its claims are justified by the white paper and its accompa nying working papers.

At this point the argument

Alan Pike on the British Medical Association's reaction to the Government's proposed reforms



Doctors resist the prescription

the Government's papers are unspecific on many points of detail and this is undoubtedly helping critics, who are filling in some of the details for them-

Mr Clarke continues to dis-play a cheerful determination to implement his reforms. He is probably at his most exposed when he faces attacks on his timing. The Government want the basis of its new-look NHS in place by 1991. This is seen in the NHS as a remarkably ambi-

Today, a special conference of the BMA's local medical committees, representing GPs, will meet to consider the white paper and the new contracts which Mr Clarke is trying to negotiate with family doctors. Almost all the motions on the long agenda are hostile. The contract negotiations and the white paper are theoretically separate issues. But many of the things Mr Clarke is trying to achieve in the negotiations - like increasing the propor-tion of GPs' income which is determined by the number of patients on this lists - are

ambitions of the white paper. The BMA has a complex structure under which its specialist committees represent all doctors whether they are memBut more than three-quarters of Britain's doctors are subscribing members.

A professional association with a long history, the BMA only became a trade union because of legal changes in the 1970s. Members of the Government suspect that BMA activists have been behaving too much like conventional trade union leaders, organising opposition that is not shared by most of their members. This is, however, proving a difficult argument for the Government to sustain.

The council of the Royal College of General Practitioners (RCGP), which is responsible for maintaining professional standards among family doctors, almost unanimously rejected the proposals last week. It was at the RCGP annual dinner that Mr Clarke made the "wallet" remark.

A statement of opposition to

the white paper from the college was wide-ranging and on similar lines to the BMA's criticisms. It accused the Government of trying to change the health service "on hunch" and said the white paper, if imple-mented as proposed, would severely damage patient care and the doctor-patient relation-

tivity, though a necessary con-

electronics and textiles has not

taken place.

I agree with those who acknowledge the importance of

change in both the demand and supply-side of our econ-omy. Clearly, stimulating demand in the absence of real

change to the supply side - as

has happened in the last two years - is highly damaging to

our economy. For, as many products and services are no longer available in the UK, all

that happens is that both final

goods and components are

change on the supply side is combined with a continuation

of the present policies on

exchange and interest rates, there will be no respite for our

If a failure to make real

sucked in from overseas.

ship. Similar messages have been heard by ministers this meetings of doctors around the country.
Dr John Jenkin, chairman of

the Hertfordshire local medical committee, chaired a meeting of about 150 GPs from the county which was addressed by Mr David Mellor, Health Minister. "The reaction from the audience after the minister had spoken was polite but hostile. The meeting was unre-servedly against him," he says.
"I am not pretending that there may not be a few doctors who will volunteer to co-operate with the Government. If Mr Clarke dangles a bigger and bigger pot of gold he will undoubtedly get some volun-teers. But that doesn't mean

people agree with his ideas." The Joint Consultants Committee (JCC), which brings together bodies representing hospital doctors and the royal medical colleges, is also critical of the proposals. A number of the colleges are now, like the RCGP, producing individual reactions, but this exercise looks unlikely to throw up any significant crack in the opposi-

Provided Mr Clarke fulfils

new contracts on GPs – although there will be calls at today's BMA conference for sanctions, including mass resignation from the NHS, if he

ies. Health authorities have been asked to identify potential self-governing hospitals by early next month. Some health service managers are genuinely enthusiastic about self-government. Less enthusiastic and a self-government of the service managers remembering self-government, less entimal-astic managers, remembering that they are on short-term contracts and performance related pay, are likely to express their reservations in a more muted way than the doc-

So the Government can, if it keeps its political nerve, press ahead with key aspects of its proposed reforms with or with-out the support of the doctors - although one of the condi-tions ministers have set themselves for granting self-govern-ing status to hospitals is that nior professional staff, especially consultants, must be

the hospital." Some consultants, like man-Some consultants, like managers, will take the pragmatic view that if the changes are going to happen they may as well co-operate, in the hope that early volunteers will get more generous financial treatment than later conscripts. But if enough consultants refuse to take part in bospital manage. take part in hospital management and start campaigning publicly against their hospitals becoming self-governing, the Government would face a num-ber of highly-publicised local protest campaigns lasting

many months.

Many doctors believe their opposition to the reforms is already making an impact where it matters - with patients and Conservative backbenchers. But, given that no amount of opposition is likely to lead to the Government simply tearing up its plans, what would a 1980s version of the doctors' earlier suc-cesses with Lloyd George and Bevan look like?

"Mr Clarke has got to slow down," says Dr Marks. "He must produce properly worked through plans and he must conduct pilot studies, because otherwise this might destroy the whole health ser-

"He says he cannot have pilot studies because they are a way of slowing things down. Too true. You wouldn't run a business the way he is doing this. If he slows down, really consults the profession, and has proper pilot studies we will not have won, but the health service will have won. Other-wise the NHS, the doctors and, I believe, the Government will all lose."

An eerie calm amid Beirut's shelling

Britain's ambassador to Lebanon describes daily life in the beleaguered city

he last two months in Lebanon have produced incessant drama. On February 14, the embassy was in the thick of fighting between the Lebanese army and the Christian Lebanese forces militia. We have a fine collection of twisted rocket fins and shrapnel, and a few holes in our walls and in one or two embassy vehicles to remind us. On March 14 fighting broke out between the Lebanese

army on the the one hand and Moslem militias and the Syrian army on the other. It has continued virtually non-stop ever since, though a fragile ceasefire has now reduced the level of shelling to a few, routine and desultory rounds each day. At times the intensity of shelling reached levels unprecedented even for Lebanon. We came out of it lightly, with only very superficial damage. Other embassies in more sensitive parts of the city near the presidential palace suffered more heavily, and the Spanish ambassador was killed.

I find living and working in such circumstances difficult to describe. Certainly our experiences cannot compare with those of thousands of Beirutis who have spent most of the last two months cowering under whatever shelter they could find. Life for them has become a matter of sitting out one bombardment after another with hurried forays for food, water and other necesssities in the intervals. An added difficulty for all of us is that there has been no regular pat-

tern to the shelling.

Those who have suffered most are mothers with young children, the elderly and infirm, doctors, nurses - any-one whose life requires a high degree of order and stability. It is hardly surprising that many people should have decided to leave from both parts of the city. One young English wife of a Beiruti neuro-surgeon told me that after three weeks of crowded, noisy shelter life with four children under 14 she had had enough.

After successive, usually sleepless nights in a crowded and stuffy shelter the ordinary Lebanese is not capable of much beyond the hurried daily round of buying provisions,

sweeping up broken glass, doing running repairs, strengthening the protective screen of concrete block or sandbags around the house. All this has to be done as quickly the habit of gearing everything to shelling possible at the habit of gearing everything to shelling possible at the habit of gearing everything to shelling possible at the habit of gearing everything to shelling possible at the habit of gearing everything to shelling possible at the shelling possible a

as possible. Normally there are a few brief hours of morning activity before the shops close, streets empty and life returns under-ground. Once that has hap-pened an almost serie calm settles on the city. From our vantage point on the hills above it one can see no vestige of movement.

A Lebanese's most prized asset during these days is his sixth sense, his instinct for survival. After 14 years of inter-communal warfare and foreign invasion the Beirutis have

Shelling is extraordinarily disorientating

developed a hair trigger sensitivity to any shift for the worse in the local atmosphere, imperceptible to the rest of us. Our local staff will suggest, almost casually, that they should be allowed to return home at 11am. Heavy shelling will almost certainly have started by 3pm.

For everyone life inevitably takes on a hand to mouth quality. There can be no question of a settled routine, though it is important to try to maintain one. Shelling is extraordinarily disorientating: noise, vibration, the constant subconscious alertness for it to restart and the habit of tense expectation is very wearing. Concentration requires a major effort of will.

Obviously there is an awareness of risk and danger, but it is not my impression that any of us are much inclined to dwell on the subject. We take sensible precautions and leave it at that. In the embassy itself we have a solid cellar reinforced with sandbags. The staff shelter in the basements of their apartment blocks when at home.

Some shelters are grande luxe, equipped with every imaginable (and some unimaginable) comfort. More generally they consist of a mattress and couple of blankets, small stove,

thing to shelling persists even into relatively lengthy periods of calm such as the city has experienced over the last few days. Paradoxically it is almost more wearing than shelling itself.

The effect on our private life

has been cataleptic. One's few moments of relaxation have normally been spent in a stupor of inactivity. Even listen-ing to music has been impossible. In my own case the only effective antidote to the present situation has been P.G. Wodehouse's comic novel Life at Blandings. The friend who left it behind some weeks ago can have little idea of the trea-sure she accidentally bestowed. It is impossible to say with any certainty how long the present situation can persist. The Lebanese themselves say

that it is by far the worst they have experienced in 14 years. This may simply be the effect of attrition. But all land routes in and out of the Christian enclave remain closed, and the sea route is tenuous at best. The general air is one of resignation. Beneath their jocose pleasantries people are very tense and apprehensive.

Any normal diplomatic activity has obviously been out of the question. Our main concern has been to assure ourselves that members of the British community are safe even if at times this has only been possible by proxy, and to report on and analyse the situation as accurately as possible. With the anniversaries of John McCarthy and Brian Keenan occuring a few days ago, the well-being of all our hostages has also been very much on our minds. There have been occasions, with no movement possible, no local staff available, local communications almost non-existent, the Lebanese entombed, the city void and the noise of shelling dominating all, when we have felt as if we were living in a world

Allan Ramsav

LETTERS

The weakness of UK manufacturing

From Mr Doug Henderson MP.
Sir, Yesterday's trade figures are a cruel reminder of the fundamental weakness of our manufacturing industry. In defence of their so-called "economic miracle" the Gov-ernment again reeled out the figures on improved British productivity. But this indicator is a totally inadequate test in competitiveness. It only reflects the improved use of labour applied largely to an

existing capital stock. Competitiveness is not a the-oretical concept. It is surely a measure of a nation's ability to improve its output and its share of world economic activity. In any major advanced economy the performance of manufacturing industry must

be a critical test. Other indicators suggest our "economic miracle" has yet to

Output in manufacturing has only marginally increased since 1979 and did not return to its former level until 1987. Manufacturing investment is still below the 1979 level. investment in training and research and development compares dismally with our compares dismally with our European competitors.

Import penetration stands at left us lagging in the applica-

UK political focus on the EC

Even in the industries which the Government believes illustrate success - like chemicals and aerospace — the statistics belie the claim. The trade sur-plus in chemicals has only improved from £1,139m in 1979 to £2,189m in 1987. In transport equipment (which includes. aerospace) the surplus has only improved from £455m to

near 40 per cent and is increas-ing in the manufacturing sec-

Those figures contrast with a massive and increasing deficit of over £600m in vehicles, of over £3,000m in textiles and clothing, and of nearly £4,000m in electronics (all expressed in current prices). And the Engineering Employers Federation has predicted that a trade deficit in mechanical engineering will occur this year for the first time ever.

Industrialists attribute much of our failure to compete to the level of the exchange rate. Undoubtedly this is a major factor. But I believe that those same industrialists privately acknowledge that the supply-side miracle is largely a myth.

Global concept

From Mr Gerry Pocock.
Sir, The concept of sustaintion of new technology, prod-uct design and customer ser-vice – as is clearly the case in the car industry. They know that improving labour produc-("Twinning economics and ecology," April 18), though I agree very much with what he writes about the need to bring dition for manufacturing growth, is not a sufficient condition. And, they also know that the required changes in structure in industries such as

> The Brundtland report, to which Mr Cooper refers, describes sustainable development as containing two concepts: "the concept of 'needs' in particular the essential needs of the world's poor, to which overriding priority should be given, and the idea of limitations imposed by the state of technology and social organisation on the environment's ability to meet present

and future needs."
Sustainable development therefore calls for a far-reaching change in international relations and sharing of the wealth. Gerry Pocock,

trading difficulties.
Doug Henderson,
House of Commons,

able development has an ever wider significance than that described by Tim Cooper economic policy and environ-

ment policy together. Sustainable development is, above all, a global concept and it makes little sense if confined to a national or even regional

Communist Party of Great Britain, 16 St John Street, EC1

The SIB could be more flexible

Mr Kinnock – is an act of courageous political leadership in the current climate.

Whether other European Governments will follow her letter of the law in interpreting letter of the law in interpreting letter of the law in interpreting lead has yet to be seen, but it the Financial Services Act is surely only a supine timidity (FSA), with no regard for

which attempts to exercise leadership when there is no possibility of dissent in the possibility of dissent in the tion of offshore umbrella funds. The FSA allows compating the companion of the

ill-timed. Whatever the current enthusiasms of the middle aged, it is the nature of man that the youth of the 1990s, to whom Mr Rogaly thinks his proposals would appeal very effectively, is far less likely to be inspired by the European "vision thing" than to find it rather tedious and passé.

Mr Rogaly appears to think that the Labour Party can display leadership in the 1990s by borrowing wholesale the visions and rhetoric of the Conservative Party of the early 1970s. So much for modernity. 1970s. So much for modernity. Daniel Moylan,

Egan Associates, 7 Kensington High Street, W&

charge investors.
While Gartmore can apply for authorisation under Section 88 of the Act (a route intended

lation?

Single pricing is no obstacle to recognition of companies ed in Luxembourg. Yet the longest established, largest and

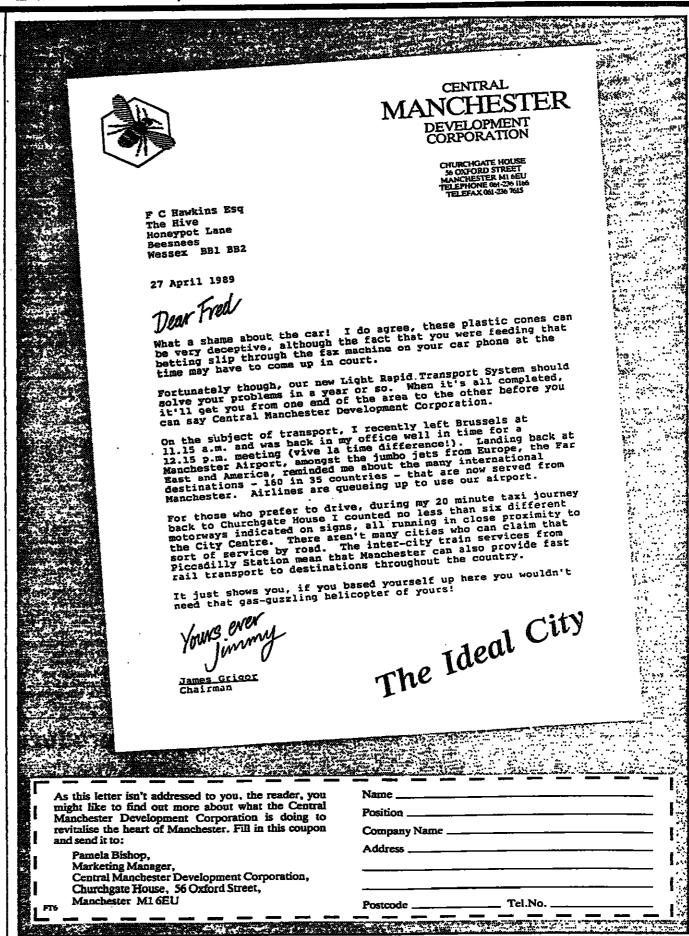
most reputable of all umbrella funds, Gartmore Capital Strat-egy Fund, with more than £170m under management, relying on an annual manage-ment fee of 1 per cent to cover both its profits and expenses, is in danger of being unable to advertise, for the sole reason that it does not want to over-

for companies in non-designated territories), this route indirectly, the investors, in the region of 260,000.

Can the SIB be a bit more

flexible in the treatment of companies in designated terri-tories, so that these are judged on their merits and allowed to use the Section 87 route, even though they may not comply with every detail of local legis-

Anne Mothersill, Mothersill (Financial Services), Moorlands, Moor Lane, Menston, West Yorkshire



Sir, Few things are more powerful in captivating the mind of a political commenta-

has been and gone.

Hence, with exquisite mistiming. Mr Joe Rogaly (April 21) urges Mr Neil Kinnock, the Labour Party leader, to take on the mantle of British leadership of the EC into the 1990s.

Underlying his argument is the stale assumption that it is only by urging Europe on to ever more intimate unity that one exercises leadership. To promote an alternative vision, as Mrs Thatcher does, is not to lead but to fall churlishly lead but to fall churlishly

From Mr Daniel Moylan.

tor than an idea whose time

has been and gone.

In fact. Mrs Thatcher's advancement of a European concert – which is at the same Britain's historical experience. and more practicable to achieve than the stuff about "aspirations, dreams and the advancement of a common civilisation" that Mr Rogaly would dearly like to hear from

FINANCIAL TIMES

Thursday April 27 1989

TROLLOPE & COLLS MANAGEMENT CONTRACTING **DESIGN & CONSTRUCT** 01-689 2266

Boeing wins record \$15bn order

By Michael Donne in Chicago

BOEING, the world's biggest largest individual order yet for a total of 370 aircraft worth \$15.74bn - from United

The deal, involving firm orders for 180 aircraft and 190 on option, comes within eight days of the previous record order from GPA, the Irish leasing company, which is to buy a total of 182 Boeing jets, including options, worth \$9.4bn.

The deal was announced in Chicago yesterday by Mr Step-hen Wolf, United chairman and president, and Mr Frank Shrontz, president of Boeing. It covers 60 twin-engined type 757s on firm contract and

60 more on option, and 120 twin-engined short to mediumrange type 737s on firm con-tract, with another 130 on

United already has outstanding orders with Boeing for 30

757s and 110 737s.
Engines for the 757s will be built by Pratt and Whitney, a division of United Technologies Corporation of the US, while the 737s will be powered by the CFM-56 engines built jointly by General Electric of the US and Snecma of France. This brings to 898 the number of Boeing aircraft purchased by United, making the company Boeing's biggest single customer. This year Boeing has

announced firm orders for 499 jets worth \$26.8bn, compared with a total of 636 new aircraft ordered in 1988, worth about \$30bn. Boeing now has a back-log of well over 1,000 aircraft

worth about \$65bn.

To meet this heavy demand, it plans to increase its production rates, lifting output of 757s from five to seven aircraft a month by early 1990. Output of 737s will go up from 14 a month to 17 by the middle of

next year.

Mr Shrontz said Boeing was making particular efforts to ensure a continued high level of quality in its aircraft despite the increasing rate of produc-tion. This follows criticisms earlier this year of failures in quality of some aircraft coming off the production lines. Questioned about wiring

problems in some aircraft, Mr Shrontz said: "We have developed engineering solutions to make miswiring – either in the factory or on the flight line – much more difficult. We are also taking a close look at our assembly procedures and our functional testing, and we are revising our maintenance manuals to include more func-tional testing after work is

done by the airlines."
Mr Wolf said United was still studying possible replacements for its large fleet of long-range, wide-bodied airliners.

UK conflict over plan for £1bn investment

SERIOUS differences have emerged between British gov-ernment departments over (\$1.7bn)

The Foreign Office and the

This follows representations

The offset programme is an industrial collaboration plan under which the two Governments have undertaken to help bring British and Saudi compa-nies together in economically viable joint ventures. It was the subject of three years of negotiations and was inaugurated in November with the signing in Riyadh of an agree-ment setting out project approval procedures, followed in January by a closed-door seminar for British companies.

Britain, is pressing London to bring forward prospective investment partners.

British business leaders, supported by the Foreign Office and the DTI, want the Govern ment to be more active in encouraging companies to participate in the programme and in demonstrating official com-mitment to making it work. Testing time, Page 6

A second constraint is that Papama's elected President

Mr Delvalle, elected in 1985, was ousted as President last year by Gen Noriega but is

members of the US Military's Southern Command - has hith-

erto opposed force. However, according to Southern Command officials, Gen Noriega's defence forces were involved in more than 600 separate harassment inci-

and Lugar, a Republican for-eign policy expert who played in a key role in prodding the Reagan Administration to oust President Marcos, warned of an "impending crisis" in US-Panamanian relations. An alde said Senator Lugar was concerned that the Administra-tion was not preparing US public opinion for the trouble

in Saudi

By Andrew Gowers in

handling of a £1bn-plus investment programme in Saudi Arabia designed to offset part of the value of British arms sales to the kingdom.

Department of Trade and Industry are understood to have become concerned at the Ministry of Defence's approach to the offset investment programme and at the secrecy sur-rounding the operation.

to all three departments from senior businessmen and bankers dealing with the Middle East who are worried that without publicity the pro-gramme will not be seen to make fast enough progress by the Saudi authorities.

However, direct appeals for greater openness from Mr Wil-liam Waldegrave, Foreign Affairs Minister, for and from the DTI have been rebuffed by defence ministers. They argue that disclosing more information about the progress of the scheme would jeopardise commercial confidentiality.

Saudi Arabia, which has been insistent on receiving compensation for its expected outlay of more than £15bn on a two-part arms deal with

The subject is expected to be raised by Prince Sultan bin Abdul Aziz, Saudi Defence Minister, when visits London for talks with Prime Minister Margaret Thatcher next

US makes plans for intervention Continued from Page 1

reaty.
"No one wants to re-open the debate on the Treaty," said a senior official. "It would not be in our interests domestically or internationally. Therefore, there is a limited time frame for getting this matter

at the end of September Mr Eric Arturo Delvalle's term as

cognised as head of state by the US. The Defence Department which has some 10,300 troops permanently in Panama as

dents over the last year. Last Friday, Senator Rich-

Senior Takeshita aide commits suicide

By Stefan Wagstyl in Tokyo

JAPAN'S Recruit scandal turned from political crisis to personal tragedy yesterday when the Prime Minister's most senior aide killed him-

Mr Ihei Aoki, who had been with Mr Noboru Takeshita for 30 years, was found dead at his home in Tokyo one day after the Prime Minister announced his intention to resign over his involvement in

It was widely believed that Mr Aoki felt responsible for his master's disgrace because he supervised Mr Takeshita's tributing shares and cash to political fund-raising – including influential people, including

ing the collection of contributions from Recruit, the business information company at the centre of the scandal.

Mr Takeshita received the news at the funeral of a former Diet (parliament) member. He was visibly stunned - Japanese newspapers ran a picture of the Prime Minister sitting among rows of mourners with his head deeply

Mr Aoki, 58, was intimately familiar with the Prime Minister's links with Recruit, which tried to buy influence by dis-

politicians. When Recruit sold cut-price stock in its affiliate Recruit Cosmos, 2,000 shares for Mr Takeshita were bought in Mr Aoki's name. In the meantime, the ruling

Liberal Democratic Party seems to be succeeding in its efforts to persuade Mr Masa-yoshi Ito, a 75-year-old former Foreign Minister, to take over as caretaker Prime Minister.

However, no announcement has yet been made or date fixed for Mr Takeshita's departure, although he is expected to leave office by the end of May. The party appears to have abandoned attempts to press Mr Yasuhiro Nakasone, the former Prime Minister, to testify before the Diet on his role in the affair. Opposition parties have refused to debate the overdue 1989-90 budget bill until Mr Nakasone

But the LDP appeared to be steeling itself to ignore a tradi-tion that budgets are fixed by consensus and railroad the bill through the Diet in the next week or two. The opposition parties will be relying on the public prosecutor, who is investigating the scandal, to maintain pressure on LDP

that he never wrote down

just in case they were read by the wrong eyes.
 In their thirst for funds, Jap

anese political secretaries are

forced to cut many corners. Mr Aoki himself was involved

three years ago in the scandal

surrounding the collapse of Heiwa Sogo Bank. Just before it had to be rescued, the bank

bought an antique screen for the astronomical sum of Y4bn.

Some of the money was found

to have passed through Mr Aoki's hands.

In the Recruit scandal, the

company distributed shares and money in order to buy influence with politicians. The

stock was often bought in the

names of secretaries - includ

ing Mr Aoki who accepted 2,000

shares in Recruit Cosmos, a

Recruit affiliate. Mr Aoki was also the channel through

which Recruit funnelled much

of Y151m in political donations and finally accepted a Y50m

loan on Mr Takeshita's behalf

from Mr Hiromasa Ezoe, Recruit's founder and former

It was the disclosure of this loan last weekend which forced

Mr Takeshita to resign. In a

sense, Mr Aoki did his job too well, securing for the Prime

Minister more money than any

other politician seems to have received from Recruit.

To have been so directly

responsible for his master's fall from grace seems to have been

Loyalty that lasts unto the grave

Stefan Wagstyl looks at a variation on an age-old Japanese theme

HE death of Mr Ihei Aoki, former secretary of Mr Noboru Takeshita, the Japanese Prime Minister, is a modern variation on an ageold Japanese theme. The tradition of servants taking their lives for the sake of their masters is etched on

the mind of every Japanese. Thousands of people every year visit Sengaku temple in the centre of Tokyo which is dedicated to 47 ronin (samurai) who killed themselves in 1703 after avenging the wrongful

Nearby in Nogizaka there is a shrine to General Maresuke gi who committed stiicide in 1912 on the day of the state funeral of the Emperor Meiji. because he believed his mas ter's death removed his reason for living. His wife killed her self beside him.

Since the Second World War, 23 people known to have been involved in political and finan cial scandals have killed them selves - almost all of them secretaries and messengers. minor players unable to take the strain of the dramas in which they became involved. "All of them ran errands car rying dirty money," a political analyst said yesterday. "All

died to try to save their boss." In 1954, a junior official of the Ministry of Transport and an executive of Ishikawajima-Harima Heavy Industries killed themselves when a bribery scandal in the shipbuilding industry was exposed.

Purge is marker

One possible explanation is that Mr Gorbachev is planning

to call one, but does not want

If he leaves the congress till

round of elections in Septem-

ber – for republican and local

governments - to shake-up the

ossified party structure. Genu-

ine reformers are still in a

minority in many party organi-

So the shake-up is really

only a half-way marker, rather

than a milestone in Mr Gorba-

structure. He has not touched

the ranks of active and still

powerful conservatives, and still hopes that the growing

swell of popular democracy in the electoral process will do

sations across the country.

not milestone

Continued from Page 1

to show his hand yet.

Since the Second World War, 23 people known to have been involved in political and financial scandals have killed themselves - unable to take the strain of the dramas in which they became involved

In the most famous case in the Superior Court. Mr Tanaka to many of his

The irony is that the masters often subsequently avoided

window of the public prosecu

1976, Mr Masanori Kasahara, a 42-year-old chauffeur, gassed himself in his car to avoid being questioned about the activities of his master, Mr Kakuei Tanaka, the former Prime Minister, in connection with the Lockheed affair. Mr Kasahara had allegedly taken

dow after being named in another case involving a US company - McDonnell Doug las Crumman.
Then in 1980, two secretaries

In 1968, a son of the presi dent of Nittsu, a transport con being punished for their mis deeds. Mr Tanaka, the most glomerate, jumped out of the famous bribe-taker of all, who accepted about Y500m (\$3.8m) tor's office as he was being questioned about alleged brib from Lockheed, was convicted but is still at liberty pending his appeal against sentence in

Far from being weakened by scandal, his political machine grew in size and influence after he was forced out of office. But in Japan the job of the servant is to serve. In politics the secretary's prime work is to collect money on behalf of his master, whom he often calls father, and to be abso lutely discreet about it. Loyalty

secret meetings. Three years later, an executive of Nissho Iwai, the trading company, jumped out of a win

to the president of KDD, the international telephone com pany, killed themselves follow ing allegations that the com pany bribed officials at the Ministry of Posts and Telecom

30 years ago. Like other secretaries there more than than Mr Aoki could were probably many things **Delors renews EMS debate**

himself.

ing concern over the possibility of further bouts of specula-tive pressure on sterling. Despite yesterday's betterthan-expected trade figures for April, the Treasury believes

1990, only one year ahead of schedule, he will have another nerable for some time. In those important safety net. Mr Lawson has vehere-mently rejected the underlying

> favour, however, of full British membership of the EMS on economic grounds, and is said to have been strengthened in that view by the political dilemma raised by the Delors

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WORLD WEATHER

Continued from Page 1

that sterling may remain vulcircumstances membership of the EMS could provide an

report - that the 12 European Community states should aim ultimately for full economic and monetary union. He has been consistently in The argument is that if Britain stays outside the ERM, it will simply be by-passed by the other EC states, which will press ahead regardless with greater monetary and economic coordination.

matters more than anything. Senior secretaries such as

Mr Aoki are their masters'

treasurers. They often stay

with the same politician for

their entire careers, knowing more about the sources of

donations than the master

Mr Aoki was one of these.

Born in the same part of West ern Japan as Mr Takeshita, he joined him when he first entered the Diet (parliament)

One immediate concern is that President François Mitterand of France will decide in July, when France takes over the EC presidency, to convene an intergovernmental confer-ence to discuss the implementation of the first stage of the Delors report. The belief is that even countries like Denmark, which share Britain's reservations about monetary union. would quickly agree to such a

One of Mr Lawson's colleagues voiced concern yester-day that Mrs Thatcher's oppodirection of the EMS would threaten isolation within

What is less clear is whether Mr Lawson wants to press the issue with Mrs Thatcher, and whether she could anyway be persuaded to change her view. Although the Chancellor can several allies within the Cabinet, there remains a strong body of opinion within

the Conservative party which favours keeping Britain out-side the EMS. Yesterday, the right-wing No Turning Back Group of Conservative MPs, issued a new study which said that the EMS was "no less synthetic and of no more benefit than the imposi-

tion of exchange controls".

Sir Alan Walters, who returns next month as Mrs Thatcher's economic adviser, is also expected to reinforce her

European cement producers raided Continued from Page 1

illicitly carving up the market for soda ash, widely used in glassmaking. Any kind of agreement to fix prices and share markets or sources of supply is banned by Article 85 of the Treaty of Rome, the EC's constitution.

The Commission inspectors are believed to have found clear evidence of price co-ordination between the four countries, as well as a near total absence of cement trading between West Germany and France, suggesting that those

markets might be artificially isolated.

If Brussels finds its suspicions of a cement cartel are justified, it can unilaterally impose heavy fines, in theory up to 10 per cent of the compa nies' annual turnover. Usually, the fines are less than that, though still substantial. Last year, the Commission charged 23 chemicals companies a record Ecu60m (\$67.2m) for running a cartel in PVC and plastic film. Commission officials expect to take up to 18 months to conclude the cement investigation, which could easily widen to other companies not caught in the dawn raid, if previous investigations are any guide.

The Brussels authorities will not be drawn on the source of their suspicions. However, the cement industry's biggest customers – and hence those most likely to object to artificially high prices – are producers of pre-cast and ready mixed concrete.

THE LEX COLUMN

Gold Fields down but not out

The distance between Minorco and its target has shortened appreciably, but still could prove too far. While 55 per cent of the shares may seem a comfortable enough majority, it is probably less than the moral majority needed to persuade. Gold Fields to abandon its US court action. In order to win, Minorco must tackle at least four separate problems. Taken alone, each looks soluble, but the sheer number of them, and the fact that all are without precedent, means Gold Fields may escape after all. The market's guess at the shortening odds in Minorco's favour seemed about right: based on the after hours scramble as the announcement was made. £1 of

has gone, and about £1.70 remains. The first hurdle is to persuade the Takeover Panel to grant an extension to the bid. Even though the rules clearly say 21 days, Minorco answers for over balf the shares, and can argue plausibly that the tactics being employed by Gold Fields are of the spoiling vari-ety. Moreover, it is not pleasant to see the outcome of UK bids being decided on questionable grounds in courts so far from home, and the Panel may

the discount to the offer price

be anxious to discourage such a practice in future. Secondly, Gold Fields shareholders must vote to oust their board, in order to get the US action dropped. But as Minorco does not own the shares, it must go through the chancy business of getting proxies. Next, Newmont must be per-suaded to drop its action too; but as Cons Gold only has 40 per cent of Newmont votes that could also go wrong. Finally, it is not enough that the existing plaintiffs retreat: no others must materialise to

Meanwhile, bottom marks go to Royal Insurance yesterday for changing its mind at the last moment, and then for being too slow to withdraw its acceptance before the deadline. The mixture of incompetence and lack of nerve implied reflects little credit; that is at least one proxy that Minorco cannot count on.

Trade figures

replace them.

The immediate inference from yesterday's UK trade figis that Mr Lawson has bought himself another month. It might be all he needs. It is now five months since base rates went to 13 per cent, and some of the more punishing effects must be coming through. Those on yearly fixed rate mortgages, for instance,

Bank of Scotland Share price relative to the FT-A Banks Index

1985 86 87 88 89 are now facing an April hit of £100 a month on average. In the money markets, the betting is now on rates staying at this present level, subject to any funny business on the foreign exchanges; and the Bank of England has let it be known that spoonletten against other. that speculation against ster-ling will be viewed with a hos-

The trade figures themselves, needless to say, were fairly depressing. But taking out erratic elements, import volume seems to have levelled out, while exports were up by nearly 2 per cent. The underlying picture seems at least to be stabilising; though an upward swing next month is still perfectly possible, especially if manufacturers have been stocking up on raw materials ahead of an expected dock

The pessimists will argue that the trade figures are by now beside the point that it is inflation which really matters, and that if that is still on the way up, higher base rates are the only weapon which Mr Lawson has. But it is unlikely that there will be any move in rates before the elections at the start of next month. And if the slowdown really is arriving, time is on the Chancellor's

RHM/Goodman

that RHM's bid for Goodman Fielder is not merely a negotiating tactic. It is not just that RHM has gone ahead in pushing its holding in Goodman to the 14.9 per cent limit that, after all, could still be a means of forcing some kind of swap for Goodman's holding in RHM. It is more a matter of the tone of Goodman's formal rejection of the offer, which is couched in the language of serious haggling for control.

The impression is that the two companies remain on rela-tively friendly terms, and that both accept the idea of merger in principle. But it looks as if RHM's management, flushed from its successes in recent years, is not about to cede control: and that Mr Pat Goodman, the architect of the Goodman Fielder empire, is not about to either. The Goodman board probably controls enough shares, both in its own com-pany and in RHM, to make its agreement essential. The answer probably lies in a higher price: but though RHM is free under Australian rules to offer more, it seems stub-bornly insistent that the present offer is final.

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Bank of Scotland

Over the past nine months, the market seems to have tired of hearing the Bank of Scot-land's refrain: strong management, an even stronger balance sheet, a novel strategy for growth. The shares have lost 13 per cent of their value relative to the banking sector in the period, and the rating has given up some of its huge head start over troubled English peers. But if the market thinks the Bank has lost its deft Scottish touch in these matters, there is surely no sign of it in yesterday's results. Dividend and earnings growth may not have been vastly superior to those available south of the border last year, but the figures are impressive for all that.

Despite yesterday's reprieve from the trade figures, the bank's mortgage business could yet suffer further from interest rates. But it is worth remembering that rates can fall as well as rise; and if climbing rates are a burden for Bank of Scotland, failing ones are certainly a boon. The more serious concern is over the Bank's interest in a US acquisition, with the proviso that it must be a bargain. That could mean something bombed out and Texan like M Corp; and the market takes a dim enough Yesterday's events should view of transatlantic banking finally convince the market purchases without the prospect

> But without jumping to unfair conclusions about US intentions, it is hard to see why the shares should not con-tinue to deserve their current 30 per cent premium to the sector's prospective rating. True, a hard UK landing would be hardest of all on them; but there is little enough sign of

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Talk to your Independent Financial Adviser about Fidelity's ourstanding performance or call us free now on 0800 414161 and find out why, when it comes to unit trust investment, Fidelity should be your first choice. Remember past performance is no guarantee of future returns and that the value of units







INSIDE

M

Nestlé acquires a foreign flavour



Foreigners have moved quickly to take a bite of Nestlé following last November's decision to open the company's registered stock to foreign ownership. They now hold between 20 and 25 per cent of Nestle's regred shares, Mr Helmut Maucher (left), managing director of the

tional, said yesterday. He expected the trend towards greater foreign ownership to continue but stressed the board's intention of retaining the essentially Swiss character of the group. William Duliforce reports. Page 22

Trouble in the Cotton Club

Not long ago cotton was king in Egypt. The variety of the crop grown by the Egyptians was considered the best in the world and became the country's main foreign exchange earner. High prices gave farmers real incentives to maintain quality and quantity of production. But the nationalisations and sequestrations of the 1960s transformed the industry. Now, after a decade-long slide topped by a disastrous harvest last year, the government appears to realise it is facing a crisis. Page 32

Amsterdam loses its bloom



The Amsterdam stock little since shooting up to a post-crash high a week ago. Caution has led to profit-taking and a flight by investors into quality stocks. Analysts are not forecasting a prolonged drought, however;

will be a modest decline, while others believe the market will fully regain its bloom over the long term. Page 48

Hauled before the stewards.



The referral to the Monopolies and Mergers Commission of Grand Metropolitan's £331m acquisition of William Hill, the bookmakers, should not have come as a surprise to the industry. British off-track betting has been a long-standing source of fascination for the Office of Fair Trading, which recommended to Trade and Industry Secretary Lord Young that the merger of William Hill and GrandMet's Mecca Bookmakers be investigated. Lisa Wood examines the background. Page 27

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461 + 10 Loskers --- 193

By Chris Sherwell in Sydney GOODMAN FIELDER Wattie, the GOUDMAN FISHER Wattie, the Australasian food group under siege from Ranks Hovis McDougall of the UK, yesterday rejected as "totally inadequate" RHM's proposed £1.33bn (\$2.24bn) share and essh takeover offer

taking its stake to the maximum allowable for a foreign investor of 14.9 per cent.

from the Australian Govern-ment's Foreign Investment Review Board to lift its stake further and to proceed with its proposed bid of four RHM shares for every 11 Goodman shares or a cash equivalent of A\$2.64

(US\$2.10) per share. The offer is one of the biggest Australia has seen, and promises to develop into a bitter and

INORCO'S narrow vic-tory yesterday in its battle to win acceptance

for the fiercely-contested £3.5bn (\$5.95bn) assault on Consolidated

Gold Fields turns the spotlight on

the board of the diversified UK

mining group.

Now that the Luxembourg-based investment group has con-

trol of 54.84 per cent of Gold

Fields' shares, board members will come under intense pressure

to drop the company's anti-trust

litigation in the US. That, in turn, would allow the lifting of

the injunction imposed by a New

York court preventing Minorco

from buying any more Gold

Despite the obvious pressure directors will face over the com-ing weeks, after a quickly-held

board meeting yesterday after-noon Gold Fields immediately announced that it intended to

carry on with the US litigation.

The board had taken counsel's opinion which suggested that if

the complaints raised by the US

action were reasonable and responsible they were duty bound to continue with them until final resolution. If they did

-not; counsel warned that they

could be seen as acting against

company and could find them-

selves being sued for negligence.

The decision to continue with the US action was also likely to

have been based on earlier coun-sel's advice that in making their

decision whether or not to sub-

mit, the directors had to decide

what was in the best interests of

all holders and not just the hold-

ers with the majority of votes.

protracted battle as RHM seeks to turn the tables on Goodman,

It said that the price did not reflect the underlying value of

local food industry. The company is the largest single wheat con-

sumer in Australasia. Goodman would not be drawn

Mr Pat Goodman, chairman and key shareholder in the group, told a press conference in Sydney yesterday: "We don't believe the bid will succeed. And we believe we have the support of most shareholders."

Gold Fields is set a courtroom poser

Robert Rice looks at the legal implications now that Minorco has won control

Minorco's Sir Michael Edwardes (left) pips Gold Fields' Mr Rudolph Agnew at the post

the company. Although in law (but not of other companies in of present shareholders, to sub-

So it is perfectly legitimate for the directors to weigh long-term

interests of the company against the short-term interests of the

shareholders. On that basis Gold

Fields' directors will argue that it

is perfectly legitimate to continue the US action.

This is because, despite Minorco's 54.84 per cent interest, Gold Fields' directors could claim

that it would not be in the best

long-term interests of the com-

He also said that it was his understanding that Elders IXL, a significant 10 per cent share-holder, would stay in the com-

pany. Mr Goodman acknowledged that an RHM shareholders' meet-ing to approve the takeover bid was "crucial," but did not indicate whether the company would be canvassing other RHM share-holders to reject the move, or even how Goodman would be vot-

ing its stake. He refused to disclose details of He refused to disclose details of a conversation on Tuesday night with Sir Peter Reynolds, RHM chairman, but added that a num-ber of options remained open. However, he admitted that another bid by Goodman for

in which an unpredictable com-promise becomes inevitable. At stake is control of the lucrative Australasian food market

day said that the Goodman response held few surprises, although Mr Bob Rogerson, finance director, suggested that it was "a little more vigorous" than

the UK group had expected.
RHM is submitting its bid proposals to the National Companies and Securities Commission in Sydney and says it hopes to be able to serve these on Goodman next week. Under Australian bid rules, the offer document would then be dispatched two to four weeks afterwards. Lex, Page 20; Food fight rules

Bond moves to buy in and a position in a global industry now undergoing enormous upheaval and rationalisation. Nikki Tait writes: RHM yestershares

By Chris Sherwell

THE FLAGGING share price of Bond Corporation, master com-pany of Mr Alan Bond, the Australian entrepreneur, has prompted a move by the group to buy back up to 10 per cent of its

An announcement yesterday said the group believed that its share price, which has plunged in recent days, significantly undervalued the group, and a buy-back scheme represented an opportunity for the company and shareholders to benefit.

But analysts in Sydney called the move an attempt to bolster

the Bond share price and said it was a signal of the group's con-tinuing financial troubles which would increase overall gearing at a time when its borrowings were under scrutiny.

On the Australian stock market Bond Corporation shares ral-lied strongly from a low of A\$1.12 (US\$0.89) to reach A\$1.27 in brisk trading.
This was still below levels of a

week ago, when Mr Bond blamed the chronic weakness of the group's share price on Mr "Tiny" Rowland's "devastating" counter-offensive against his assault on Lonrho.

Mr Bond also acknowledged then that he had considered taking the group private, but said it would be unfair on minority shareholders to buy them out through his family company, Dallhold, which in recent buying has brought his entitlement in Bond Corporation to about 63 per cent.

Under the buy-back scheme, which is seen as a step short of taking the group off the stock market, Bond Corporation will fund the purchase of its own shares up to a maximum of 10 per cent of its issued share capital. The company offered no details.

The scheme is subject to the approval of Bond Corporation shareholders and noteholders, and the Australian Stock move was in line with legislation now before parliament which contained provisions for share buy-backs. Bond Corporation has inter-

ests in brewing, the media, property and resources. Dallhold separately controls other interests, notably in gold.

Mr Bond himself is one of Australia's best-known businessmen, but him businessmen,

but his reputation has suffered recently because of a spate of bad publicity.

Goodman Fielder rejects RHM's offer

and cash takeover offer.

Its response followed RHM's acquisition yesterday morning of a further 40m Goodman shares,

The group now needs approval

to turn the tables on Goodman, which still has a 29.9 per cent stake in RHM as a result of its own abortive bid last year. In its response yesterday, Goodman said it still supported the concept of combining the businesses of the two companies, but called the RHM offer totally inadequate and declared that it would not succeed.

the company, carried numerous conditions which created uncertainty and was denominated in sterling so that RHM did not have to bear exchange rate expo-

In a pointer to a possible line of defence, Goodman also said that a successful offer would result in the loss of effective Australasian control over vital elements of the

on efforts to lobby the Govern-ment, but said it did not see a role in the takeover for the Trade Practices Commission, Austra-lia's anti-trust body, because it had previously approved Good-man's bid for RHM.

He rejected suggestions that shareholders who sold out in large numbers to RHM on Mon-day and yesterday were "bailing out," and insisted that the company was not lying down in the face of the RHM challenge.

RHM was "not an option at this Australian analysts foresee a long battle, reaching a stand-off

London solicitors, said yesterday that even if Gold Fields was not prepared to submit at this stage it should feel honour bound to call an EGM. There it should explain to the shareholders why it was in the best interests of the company to continue with the US litigation, which promised to be both costly, time-consuming and possibly detrimental to the rights of its shareholders.

If Minorco is to succeed in forcing an EGM, it will have to take immediate steps to seek from the Takeover Panel an extension beyond May 17 of the deadline by which it must have succeeded in lifting the US injunction if the bid is to succeed. That would allow Minorco to seek to put its special resolution, for which it must give 21 clear days notice under UK company law.

If it comes to the point following an EGM where Gold Fields has little alternative but to withdraw from the US litigation on its own behalf, it may still maintain that its interest in Newmont does not amount to a controlling stake and that it is powerless to force Newmont to withdraw. But here Gold Fields finds

itself in something of a cleft stick. It is very difficult for it to per cent interest in Newmont does not amount to a controlling interest. This is because the anti-trust action itself was based on the premise that if the bid succeeded Minorco would gain what

amounted to a controlling interest in Newmont. That would enable Minorco to keep the price of gold high by limiting low cost production of gold by Newmont in the US to aid its higher cost gold mines in South Africa.

US litigation.
Minorco will almost certainly

now seek an extraordinary gen-

eral meeting of the company at which it will present a special

resolution calling for Gold Fields

to withdraw from the US action on its own behalf and do every-

thing within its power to per-suade Newmont Mining, the US gold mining company in which Gold Fields has a 49 per cent

interest, also to withdraw. Linklaters & Paines, Minorco's

JAMES RIVER CORPORATION

and S.A.C.I., SpA a company of the



through a joint subsidiary, and together with



have formed a joint venture

Sarrió Tisú, S.A.

to purchase the tissue paper division of Sarrió, S.A. in Spain.

Wallace, Smith initiated this transaction and assisted Sarrió, S.A. in the strategy, valuation and negotiations.

February 1989

WALLACE, SMITH

WALLACE, SMITH TRUST CO. LIMITED London, Madrid, Milan, New York, Toronto

Under UK company law the directors' primary duty is to act bona fide in the best interests of pany, as opposed to the interests the employees of the company **DEC Europe to sell Olivetti PCs**

between owing duties to the com-pany and owing duties to the

shareholders, in practice the dis-

The directors' duties to the company will be judged by the

interests of both present and future shareholders rather than

simply the interests of the partic-

ular people who are shareholders at the relevant time. Directors

are also under a legal duty to

take into account the interests of

tinction is blurred.

By Alan Friedman in Milan

DIGITAL EQUIPMENT (DEC), the world's leading minicompute manufacturer, has chosen Olivetti of Italy to supply personal computers in the medium-to-high end of the market for Europe-

wide distribution.
The DEC-Olivetti accord, which is expected to see the shipment of 20,000 to 30,000 Olivetti PCs from this summer, will enable the US company to complete its European offering of computers and systems. Until now DEC has lacked a European PC supplier, in the US it relies on Tandy.

The deal should also help Olivetti make up for the likely decline of sales to its only other main equipment customer – American Telephone & Telegraph (AT&T) - with which relations

have been cooling for a while.
Mr Robert Allen, AT&T's chairman, announced last week that
the US telecommunications giant was considering alternative suppliers to Olivetti and mentioned Intel of California as a candidate. It is widely expected in the com-puter industry that AT&T will be scaling back its purchase of Oli-vetti PCs. Last year AT&T

bought 110,000 Olivetti machines, just under a fifth of Olivetti's total output. This year AT&T is thought likely to reduce its pur-chases from Olivetti by as much as 50 per cent

as 50 per cent.

DEC's European headquarters in Geneva said last night that Olivetti's 80286, 803865X and 80386 machines would be sold under the DECstation label. DEC's European and Middle East subsidiaries in 18 countries had 1988 sales of \$4.2bn, against

had 1988 sales of \$4.2hn, against total worldwide DEC revenues of \$11.3hn. The US company has a European workforce of 28,000.

Mr Pier Carlo Falotti, president of DEC Europe, said the decision to buy Olivetti PCs was based on the Italian company's strong European presence and its ability to meet DEC's detailed product and delivery specifications.

Olivetti was also chosen because a number of DEC's European customers already use both

pean customers already use both Olivetti and Digital systems in their networks. Alan Cane writes: DEC has been seeking sources of personal computers compatible with the

the failure of its incompatible "Rainbow" range in the early According to Mr Nigel Burton, an analyst at Robert Fleming, its choice in Europe was limited to about 10 suppliers, of which only Olivetti and Amstrad of the UK

tional Business Machines since

have sufficient volume to meet Olivetti, however, manufactures its machines in Ivrea, Italy, while Amstrad machines are at

present sourced in the Far East. Later this year Amstrad machines will be manufactured Other possible suppliers included Tulip, a small Dutch personal computer maker, and Siemens of West Germany which by GPT of the UK.

emens of West Germany, which has recently strengthened its per-sonal computer capability with the acquisition of a small personal computer company - IN2. The DEC/Olivetti deal illus-

trates the extent to which per-sonal computers are now simply standard components of modern data processing systems to be purchased as commodity items. Compaq results, Page 24

Asda buys Gillow stores for £29m

industry standard set by Interna-

By David Waller in London

THE PERILS of mounting a leveraged bid within the UK retail sector were highlighted yesterday as the Asda Group said it was paying £29m (\$49m) to acquire the bulk of the stores owned by Gillow. This is the fur-niture and carpet retailer known as Waring & Gillow until it was the subject of a management

buy-in" in 1985. The food and carpets retailer is acquiring 48 of Gillow's 87 stores and is also picking up the brand names "Gillow", "Maples" and "Waring & Gillow" – names which for a decade or more until the buy-in bid in March 1985 were synonymous with takeover spec-

It was then that Waring & Gil-

low recommended a bid from an institution-backed consortium led by Mr Cyril Spencer, a former chairman of Burton, and Mr Ashley Meyer, a former managing director of Debenhams' furniture The company planned to come

back to the market, but it soon ran into trading difficulties and the management duo left the company early last year. A new team — consisting of Mr Simon Bee and Mr Denis Cassidy as managing director and chairman respectively - was appointed in April last year. However, the full scale of Gillow's problems only became public yesterday.

Having lost £5.2m in the 18 months prior to the deal Gillow

months prior to the deal. Gillow

lost £15.9m in 1987 after interest and provisions and the net assets and provisions and the net assets sank from £24m to £3m before property revaluation. According to the documents put out yesterday, gearing stood at 300 per cent, bank covenants had been breached and supplier accounts

were overdue.

Mr Simon Bee, a former director of the Sketchley dry-cleaning company, said yesterday that the sale to Asda was miraculous under the circumstances. It would allow what was left of the company to continue as a "credi-ble business entity" and inves-tors to receive a cash payout.

Net assets of the business will rise from £10.4m at October 1 1988 to an estimated £21.7m.

INTERNATIONAL COMPANIES AND FINANCE

Foreign investors own over 20% of Nestlé

By William Dullforce in Zurich

BETWEEN 20 and 25 per cent of Nestle's registered shares are now in the hands of foreign investors, Mr Helmut Maucher, managing director of the big foods group, said yesterday. He expected the trend

towards greater foreign ownership to continue, but stressed that the board intended to retain as much as possible the group's essentially Swiss

Nestle rocked the Swiss business world last November when it announced plans to open up its registered stock, hich accounts for two-thirds which accounts for two-tmrus of total capital, to foreigners.

The bearer shares, which make up the remaining third, were already widely held by foreigners. Shareholders will be asked next month to approve amendments to the statutes, introducing a limit of 3 per cent of the total on the number of registered shares any person or legal entity can hold. This restriction gave Nestle no absolute security against takeover, Mr Maucher said, but should protect it against raiders financing their bids through junk bonds and

short-term borrowings. Mr Maucher expects Nestle's consolidated sales to reach SFr45bn (\$27.2bn) this year, more than 10 per cent above its 1988 turnover. Net earnings, SFr2.04bn last year, should grow at roughly the same rate, he said. Sales climbed by 32 per cent in the first three months, boosted by the inclu-sion of the UK's Rowntree and Italy's Buitoni, bought last year in a SFr8.6bn spending

Excluding those two dig acquisitions, turnover grew by 16 per cent in the first quarter, but that rate of growth would not be sustained for the whole year, Mr Maucher said. Nestlé will concentrate this year on consolidating, improving its profit margins and restructur-ing its European production.

Mr Maucher said he was "in no mood to ask the board to approve further multi-milion acquisitions" but he reiterated his interest in buying certain "families of products" of RJR Nasbisco, the US foods and tobacco giant taken over by Kohlberg Kravis Roberts, provided the price was right.

Last year Nestle's trading profit, at SFr4.3bn, reached a record 10.5 per cent of the SFr40.7bn turnover. Cash-flow was SFr3.34bn, up 11 per cent over the 1988 result.
The board has proposed a

Mr Kenneth Dixon, chairman of Rowntree - the UK confectionery company bought by Nestle for £2.55bn (\$4.33bn) last year after a takeover bat-tle - will retire in August, Mr Helmut Maucher, managing director, said yesterday. He will be replaced by his deputy, Mr Peter Blackburn.

dividend rise from SF1150 to SF175 a share and from SF730 to SF735 per participation certificate – the biggest dividend increase for the past 20 years. It brings an increase in the payout ratio from 27.9 to 30.1 per cent. Analysts have argued that Nestle must raise its pay-out ratio, as it seeks international capital.

Mr Maucher said he thought 40 per cent was a good upper limit but Nestlé could not be expected to reach that over the next three years. Much

of Nestlé's currently underval-ued share prices. If the price rose, making it easier for Nestle to raise new capital, the payout ratio could also move unwards.

shareholders' approval is being sought next month for a one-for-20 rights issue at SFr4500 per share and SFr900 per participation certificate. This should bring in some SFr750m net in new capital, according to Mr Reto Domenicomi the director responsible. coni, the director responsible for finance.

Nestlé's 1988 balance sheet, published yesterday, bears the marks of its SFr8.6bn spending spree. The group's net treasury situation, which started with a positive balance of SFr3.4bn at the end of 1987, finished 1988 with a negative balance of

Liquid assets fell by SF12.8bn to SF14.2bn, while borrowings increased by SF16.4bn to SF110bn Goodwill of SFr7.1bn was written off against shareholders' funds, which are stated at SFr11.36bn at the end of December compared with SFr15.77bn a year earlier. This amortisation of goodwill against equity has been partially offset by a reval-uing of fixed assets.

The management has decided in future to value fixed assets at replacement value net of depreciation, a move suggested by Peat Marwick McLintok, the auditors. The annual report says it would make asset valuation more

Mr Domeniconi remarked that the increase in debt result-ing from last year's operations should be set against the SFr3.34bn cash flow which can be expected to be even bigger this year. Disinvestments, mainly from Rowntree and Buitoni, already made or about to be completed totalled some SFr300m and a further SFr500m could be expected later this year.

Excluding Rowntree, Buitoni and other purchases, which were consolidated into the accounts only for the second half of last year, Nestle's business grew by 4 per cent in vol-ume in 1988 - a high ratio for the food industry, according to

Nestlé is still having diffi-



Helmut Maucher: still interested in RJR

culty in obtaining a listing for its shares on the London Stock Exchange. Mr Domeniconi said the group was negotiating with the relevant committees over its refusal "slavishly to accept all their conditions."

Points at issue are Nestlé's refusal to disclose its directors' salaries and terms of appointment, the deterred tax accounting system and London's demand for audited, consoli-dated accounts dating back for

The move by Total to take a large stake in Saga caused an uproar in Norway since it Early surge for Schering

Aker stops sale of Saga shares

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AKER, the big Norwegian ment with Aker valid until the

AKER, the big Norwegian industrial group, is to pull out of plans to sell its 20 per cent stake in Saga Petroleum for NKr640m (\$94.5m) to Total-CFP of France.

Here with Aker decision to withdraw its 20 per cent stake in Saga. It added that it would ask the courts to decide the of France.
The sale, agreed with Total Paris analysts were not sur-prised by Aker's decision, how-ever. They said Aker was prob-ably swayed by pressure from the Norwegian authorities, compled with the strength of Saga's share price which has risen to well above the NKr120 a share offered by Total thanks to huovant oil prices.

last November, was part of a deal whereby the French oil group was hoping to increase its shareholding in Saga, Nor-way's higgest independent oil

company, to 35 per cent.

Aker said it was clear that the sale, part of a complex deal already opposed by the Saga board and most parties in parliament, could not be carried out. The company had asked Total, without success, to be released from the agreement. The agreement runs out at the end of the year. Uncer-

tainty surrounding the owner-ship position of significant shareholdings is undesirable. Aker has not at present taken a position on how long it will retain its shares," the company

would have meant that effec-tive foreign control for Saga. Sweden's Volvo group holds 20 per cent of Saga.

Total said in Oslo yesterday
that it considered its agree-

one of Norway's top banks, in which DuC was to sell Total 10 per cent of Saga. Together the two purchase options are worth NKr960m. Both Aker and DnC entered into the agreement with Total at a time when they were hard-pressed to raise fresh cap-ital. Since then, both compa-nies have seen improvements in their respective financial standings while the value of Saga's shares have increas significantly due to high world crude oil prices. DnC is understood not to be seeking to pull out of the agreement. Saga has oil and gas reserves in excess of the barrels.

to imoyant oil prices.

Total has an agreement with
Den norske Credithank (DnC),

Rights offer to precede Inspectorate disposals

By Our Financial Staff

INSPECTORATE International, the Swiss quality control group, unveiled plans yester-day for a rights issue and forecast that profits for 1989 would advance by 10 to 20 per cent.

The company also said it was considering a number of business disposals to allow management to focus more fully on Inspectorate's core ser-

vice sector divisions.
The rights issue will involve 54,625 shares on a one-for-20 basis at SFr100 each. Holders of participation certificates will be offered one share for every 100 certificates held, also at SF1100.

In a second stage, inspectorate plans an issue of 115,375 shares which will be held in reserve for future transactions.

Existing shareholders will be excluded from the second

The company has said it plans a capital increase to be used partly to finance the acquisition of a minority shareholding in Adia, the employment agency group. Chief executive Mr Yves

Paternot said that inspections, testing, security and personal services would remain core

But sales of the Meridian computer business and a 75 per cent stake in Harpener, the West German energy and transport group, were being considered.

Last year group net profits rose to SFr108.6m (\$66.1m) from SFr85.6m.

26th April, 1969

Agache triples net earnings

FINANCIERE AGACHE, the holding company of Mr Bernard Arnault, has reported a account for the second half of nard Arnault, has reported a near tripling in net profits last year after a series of exceptional gains.

Net profits, excluding minorities, rose to FFr1.44bn (\$228m), compared with FFr545m.
The results include FFr472m of earnings from the stake in

LVMH, the wines, spirits and luxury goods group of which Mr Arnault is now chairman, andwhich has been built up in partnership with the UK

By Alan Friedman in Milan

ERIDANIA, the sugar starch and agri-industrial holding concern of Mr Raul Gardini's

Ferruzzi group, yesterday

dated results, including a

L216bn (\$157.5m) net profit.

Because of the consolidation of a variety of acquisitions such

unveiled its first-ever consoli-

the year only.

The bulk of profits, however, come from FFri.337bn of exceptional earnings stemming from the sale of Peaudouce, the disposable nappy producer, to SCA, the Swedish paper products group; from the cession of its Boussac textile activities to the Prouvost woollens group; and from the consolidation of capital gains through capital increases at the Christian Dior

as the European starch operations of CPC, the Lesieur foods group in France and Cen-

tral Soya, the US soybean com-pany, the 1988 Eridania profit figure is not comparable with

Ferruzzi said it was, how-

ever, able to offer a consoli-

fashion group - now the vehicle for Mr Arnault's LVMH interests - and the Au Bon Marché department store.

The Agache textiles empire taken over by Mr Arnault in 1984 after a spectacular col-lapse, has been rapidly trans-formed, shedding almost all of its original industrial activities. Soon to be chaired by Mr Jean Dromer, the former head of the state insurance group, UAP, it stands at the head of Mr Arnault's complex cascade

First consolidated result from Eridania dated comparison of Eridania's total turnover, which at L8.459bn for 1988 was nearly double the 1987 total. Ferruzzi also said it is able to predict

that Eridania's 1989 revenues

will total L8,722bn. The parent

company showed a 9.3 per cent rise in net profits to IA7.3bn.

Skanska to pay \$28m for New York contractor

By Sara Webb in Stockholm

SKANSKA, Sweden's largest construction company, is to acquire Slattery Associates, a New York-based contractor which is part of the Slattery Group, for \$28m. Skanska said the acquisition

would help it strengthen its position in north-eastern US, particularly when it comes to particularly when it comes to "infrastructure projects" such as roadbuilding.
Slattery Associates reported pre-tax profits of \$6m on turn-over of \$200m in 1988 and has about 2,000 employees. It is chiefly involved in heavy construction projects such as

struction projects such as roads, bridges and sewage treatment plants in New York and the surrounding area. Skanska, which last year showed profits of SKr1.8bn (\$284m) on turnover of SKr23.1bn, said the deal would complement its existing operations in the US in the steel erecting business.

By Leslie Colitt in West Berlin SCHERING, the West German bonus shares in a 20-to-1 ratio and to pay an unchanged 24 per cent dividend for 1988.

pharmaceuticals and chemicals company, reported a 25 per cent surge in group earnings to DM110m (\$59m) for the first quarter of 1988.

Group sales rose 21 per cent to DML6bn, spurred largely by a 24 per cent growth in turn-over abroad to DM1.2bn. The sharp rise in foreign sales aided by the strength of the dollar against the D-Mark. Schering plans to issue

Hafslund expects higher profits

HAFSLUND, the Norwegian pharmaceuticals, light metals and energy group, yesterday forecast higher profits for 1989 and announced that it expected to be listed on the London Stock Exchange by this sum-mer, writes Karen Fossi. It said profits this year

would top last year's record NKr704.6m (\$104m). Hafslund posted a 36 per cent increase in first-quarter profits, before extraordinary items, to NKr234m, up from NKr172m. Operating profits increased by 26 per cent to NKr251m, while operating revenues climbed by

Last year Schering's earn-

ings rose 10 per cent to DM157m on sales 12 per cent higher at DM5.3bn. The com-

pany's flourishing foreign sales, especially in the US and Japan, were able to more than

compensate for slower drug

sales locally as a result of the

cuts in Germany's medical

17 per cent to NKr753m. Hafslund has benefited from the success of its Imaging business, which produces contrast media, a solution used to improve the quality of X-ray pictures. In the quarter Imaging had operating profits of NK1180m, compared with

This announcement appears as a matter of record only.

NOTICES OF ANNUAL GENERAL MEETINGS



AVIS DE CONVOCATION AUX ASSEMBLEES GENERALES ANNUELLES

Eurotunnel P.L.C. Registered Office: Victoria Plaza, 111 Buckingham Palace Road, London SWIW OST. Registered in England No. 1960271.

Eurotunnel S.A. Siège Social: Tour Franklin. 100 Terrasse Boieldieu. Puteaux Cedex 11. 92081 Paris La Défense, France. Capital FRF 3.323.767.800. RCS Nanterre No. B 334 192 408.

These potices are to helders of Units in bearer form held through the French SICOVAM system and for information only, to helders of bearer

The Annual General Meeting of Eurotunnel PLC, will be held on Thursday. 25th May 1989 at 10,30 am at Westminster Central Hall, Storey's Gate, London SWill 9884. The Annual General Meeting of Eurotunnel SA will be held on the same date at the same location to commence at 11,30 am or as soon as the Annual General Meeting of Eurotunnel RLC, shall have ended or has been adjourned to another day. The business to be conducted at the meetings in set out below.

1. To receive the Directors' Report and audited Accounts for the year ended Alst Describer 1988.
2. To reselve (A.P.J. Benard as a Director.

2 To re-elect Left Penjard as a Director.
3 To re-elect Lion As a Director.
4 To re-elect IX, Lion as a Director.
5 To re-elect IX Lion as a Director.
6 To re-elect IX Malpas as a Director.
7 To re-elect IX J Foulds as a Director.
8 To re-elect IX J Foulds as a Director.
9 To re-elect IX Director as Director.
10 To re-elect J-H. Wahi as a Director.
11 To re-elect J-Baffre as a Director.
12 To re-appoint Peat Marwick McLantock as Auditors.
13 To authorise the Directors to fix the Auditors' remuni 13 To authorise the Directors to fix the Auditors' remuneration

Enrotagued S.A.

• To approve the Peport of the Directors on the activities and business development of Eurotumed S.A. and Eurotumed Group during the year ended Dist December 1988 and the Reports of the Commissaires aux Comples for the same period.

• To approve the accounts for the year ended Dist December 1988 and the combined accounts for the year ended Dist December 1988.

• To determine the treatment of the results for the year.

• To approve the agreements listed in the special Report of the Commissaires aux Comples drawn up in accordance with articles 101 and 103 of the law of 24th July 1986 for commercial companies.

• To grant a discharge to the Directors and to the Commissaires aux Comples.

• To ritify the appointments of three Directors by the Board during the year.

• To renew the Directors ferms of office

• To appoint a replacement Alternate Commissaire aux Comples.

• To Its Directors fees,

• Delegation of powers for the completion of formalities.

Instructions for attendance and voting
Whother or not you instead to attend the meetings in person, you must
impoblise your Units at least 5 days before the meetings, by notifying the
bank or other institution through which your Units are held of your intention

If you intend to attend the mostlegs to person, you should request an idministration Card through the bank or other institution through which your commence care intrough the bank or other institution trough which your Units are held. If requested in sufficient time you should receive your Admis-sion Card before the meetings, in which case please bring it with you. If you do not, you may still attend the meetings provided that your Units have been immobilised and you bring suitable evidence of your identity. If the units are held in bearer form, they must be deposited for immobilisation.

If you do not intend to attend the meetings in person, you may exercise your voting rights by using the combined proxy and postal voting form. Copies of the Progress Report, the Companies Accounts and provy and postal voling forms may be obtained from:

L'Assemblée Générale Annuelle d'Eurotunnel RLC. se tiendra au Westminster Central Hall. Storey's Gate. Londres SWIH 9NH. le jeudi 25 mai 1989 à partir de 10h30. L'Assemblée Générale Annuelle d'Eurotunnel S.A. se tiendra le même jour et au même endroit à partir de 11h30 ou dès que l'Assemblée Genérale Annuelle d'Eurotunnel P.L.C. sera terminée ou aura été ajournee, à l'effet de défibérer sur les Ordres du Jour suivants:-

Barretunnet S.A.

Approbation du Rapport du Conseil d'Administration sur l'activité et la situation de la société et du Groupe Eurotunnel au cours de l'exercice clos le 31 decembre 1988 et des Commissaires aux Comptes sur l'accomplissement de leur mission au cours du même exercice. Approbation des comptes annuels et des comptes combinés de l'e le 31 decembre 1988.

 Affectation des résultats. Approbation des conventions visées au Rapport Spécial établi par les Commissaires aux Comptes en application des articles 101 et 103 de la loi du 24 juillet 1966 sur les societés commerciales.
 Quitus a donner aux Administrateurs et aux Commissaires aux Comptes.

Parification de la nomination des trois Administrateurs cooptes par le Conseil d'Administration depuis la dernière Assemblée Générale Ordinaire. Renouvellement du mandat des Administrateurs. Remplacement d'un Commissaire aux comptes suppléant.

Eurotunnal P.L.C.

1. Présentation du Rapport au Conseil d'Administration et des Comptes audités de l'exercice clos le 31 décembre 1988.

2. Renouvellement du mandat d'Administrateur de A. P.J. Bénard.

3. Renouvellement du mandat d'Administrateur de Lord Pennock.

ellement du mandat d'Administrateur de R. Lion rvellement du mandat d'Administrateur de Sir Kit McMahon Renouvellement du mandau d'Administrareur de R. Malpas. Renouvellement du mandat d'Administrateur de H. J. Poulds. Renouvellement du mandat d'Administrateur de P. Pomolle. Renouvellement du mandat d'Administrateur de J. H. Wahl.

Renouvellement du mandat d'Administrateur de A. Bertrand. Renouvellement du mandat d'Administrateur de P. Jaffrè. ouvellement du mandat d'Auditors de Peat Marwick McLintor Prisation à donner au Conseil d'Administration de fixer la rému

Instructions pour assister et voter sux Assemblées

Que vous syex ou non l'intention d'assister en personne aux Assemblées, vous devrez inmobiliser vos Unités au moins 5 jours avant les Assemblées, en prévenant la banque ou l'établissement auprès duquel vos Unites sont comptabilisées de votre intention d'assisteret/ou votez. Si vous souhaites assister aux Assemblées en persoure, vous devrez demander à la banque ou à l'etablissement aupres duquel vos Unités sont complabilisées de vous procurer une Carte d'Admission, que vous devrez apporter aux Assemblées, Si vous ne la recevez pas, vous pourrez toujours y assister dans la mesure où vos Unités auront été immobilisées et où vous vous

presentèrez avec une pièce d'identité. Si les titres détenus sont sous la forme matérielle. Ils devront être déposés pour immobilisation. Si veus no souhaites pas ascister en personne enz Assembiéos, vous ouvez exercer vos droits de vote en utilisant la formule de pouvoir et de vote

Des coptes du Rapport d'Activité, des Comptes des Sociétés, des formules de pouvoir et de vote par correspondance peuvent être obtenues auprès de:

English language - National Westminster Bank PLC. Registrar's Department. PO Box 343. Caxton House, Redeliffe Mead Lane, Bristol BS99 7SQ, England (by post) - The Nomura Securities Company Ltd. 9-1. I Chuo Nihonbashi, Chuo-ku, Tokyo, Japan - Salomon Brothers inc., One New York Plaza, New York NY 10004, USA - Enskilds Fondetommission, Northundseatan 15, PO Box 18067, 5 - 10025 Stockholm, Sweden - Al Bank Al Soudi Al Fransi, 16 OM Al Mu'emenin Street 147, Sector 14E7, Al Sharufeya - Dist 3, PO Box 1 - D Jeddah, Saudi Arabia (available for collection). - Foremalairos en français (par courrier) Banque Indosues, 96 boulevard Haussman, 75008 Parts, France et à R.F.C. 120 avenue des Champs Elysces 75008 Parts, France - (à voire disposition) Banque Internationale, à Luxembourg, 2 boulevard Royal 2953, Luxembourg - General Bank, Montagne du Parc 3, 1000 Bruxelles, Belgique.

Copies of Eurosannel PLC, Directors' service contracts will be available for impection at the Company's resistence office (given above during usual business bears business bears and public holidoes from the date of this Notice to 25th May 1989 and as Wessmanner Central Hall for a period of fuffect minutes prior to the Meetings. A member entitled to attend and sole at the Meetings may appear a proxy to attend and, on a poil, to vice on this her beneal? To vote at the Meeting of Eurosannel PLC, a proxy must be the spouse of the unimoder or any other unitholder.

Des ropies des routrats de travell des Administrateurs d'Eurotominel PLC, som disponibles au seign social de la Societé (dont l'infrasse est indiquée el devour) pendant les beures habr d'ouverture des buteraux la l'exception des santed, dimanche et jours Repés à compte de Sadase des présentes jusqu'au 55 mai 1989, et au Westminnier Central Hall pendant les quiesse minu Privation I Assemblée Lin aci nonnaire qui est autorné à assister et à sotier à el sotier à dessigner de l'autornée des pours des santes et poniciper en son nom à four voir, autre qu'a mai Le mandature ne doit obligatoirement être un actionnaire de la Société ou un conquint d'actionnaire que pour Eurotumnel SA.



MORI SEIKI CO., LTD.

U.S.\$100,000,000

4% per cent. Notes 1993

Warrants

to subscribe for shares of common stock of Mori Seiki Co., Ltd.

Issue Price 100 per cent.

Yamaichi International (Europe) Limited

Daiwa Europe Limited

ANZ McCaughan Merchant Bank Limited Banque Paribas Capital Markets Limited Daiwa Bank (Capital Management) Limited

KEB International Limited Merrill Lynch International & Co.

Morgan Grenfell Securities Limited

Nippon Kangyo Kakumaru (Europe) Limited Salomon Brothers International Limited Sanwa International Limited

Taihelyo Europe Limited

Wako International (Europe) Limited

The Nikko Securities Co., (Europe) Ltd. Bank of Tokyo Capital Markets Group Credit Suisse First Boston Limited Robert Fleming & Co. Limited Kleinwort Benson Limited Samuel Montagu & Co. Limited New Japan Securities Europe Limited

Sumitomo Finance International

S.G. Warburg Securities Westdeutsche Landesbank Girozentrale



INTERNATIONAL COMPANIES AND FINANCE

Food fight rules laid on the table

Chris Sherwell on problems facing RHM's takeover bid for GFW

man, these are trouble-some times. In New Zea-land on Monday, when he was sitting on an aircraft about to take him and his wife on a Mediterranean holiday, the word came that Britain's Ranks Hovis McDougall (RHM) had launched a stock market raid on his company, Goodman Fielder Wattie, and was proposing a A\$3.1bn (US\$2.5bn).

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posing a ASS.1011 (USAZ.0011), takeover bid.

Then on Tuesday night, after spending the Anzac Day holiday preparing his defence in Sydney, the call came. Sir Peter Reynolds, RHM chairman make him from his slimman, woke him from his slum-bers "to tall me he was making a bid" - as though Mr Good-man did not know. By yesterday, Mr Goodman was giving a press conference to reject the move as "totally unaccept-

By that time, too, RHM had ed on with its assault, pressed on With its assumption of the process of th man shares from a flood of sellers to lift its 10 per cent stake to the allowed limit for a foreign investor of 14.9 per cent. Word from the RHM camp was that it was also ready to submit documents to the relevant authorities.
It is evident that the bettle

of the European and Australasian food giants is on in earnest. Yet it is also clear that the excitement which swept through Australia's chronically dull market on Monday is now giving way to more sober

Predictably, attention is focused on whether the bid can overcome the most obvious obstacles in its path. Despite Goodman's own problems with the British authorities during its abortive attempt to take over RHM last year, few analysts believe that questions of concentration and competition are likely to derail RHM's planned bid Down Under.

The Trade Practices Commission, Australia's antitrust body, is expected to look at the proposed deal, as is its New Zealand counterpart, the Com-merce Commission. But there seem to be few competition grounds for questioning the takeover without simultaneously questioning the deals which gave rise to Goodman Fielder Wattie in the first

Even Goodman says there are no grounds for the Australian commission to object. since the company last yearTIMETABLE OF THE TAKEOVER BID

THE TIMETABLE for RHM's bid for Goodman Fielder Wat-tie will, under Australian practice, be somewhat differ-ent to that imposed by UK takeover rules, writes Nikki

Tait.

The procedure is that the bidder must first have its proposals - known as a "part A" document - vetted by the National Companies and Securities Commission before serving these on the target company. This might take about a week, and RHM says it hopes to be able to deliver bid proto be able to deliver bid propossis to Goodman sometime next week. The target company responds via a "part B." The part A is then incorpo-

rated into the offer document,

and a period of between two and four weeks must elapse before this is sent out. Thereafter, there is no maximum 60-day offer period. Yesterday, RHM's advisers suggested that the first close might be in practice some seven to eight eks away. It is during the period

between posting the offer doc-uments and the first closing date that the UK company might be expected to seek approval from its own share-

RHM's advisers suggest that the group is likely to move fairly quickly on this score, saying: "It would be preferable to get the UK matter out of the way as soon as possible."

Apart from Government departments and state Govern-ments which would point such matters out, there are also some big players watching what happens - among them Mr John Elliott, chief of Elders IXL, who has a stake in Good-man and, like Goodman, has been on the receiving end of

British rejections. That said, no one knows better than Mr Paul Keating, the federal Treasurer responsible for the Foreign Investment Review Board, how badly Australia needs foreign invest-ment, and the potential dam-age of any mindless retaliation against Britain.

ne issue before the board will be the benefits that an RHM take-over of Goodman could bring to Australian consumers. Last year, many analysts ques-tioned Goodman's plan to take over RHM because it seemed to offer size rather than synergy. Similarly, they see few obvious

advantages for consumers in an RHM takeover of Goodman. Given this, it is not surpris-ing that other motives are seen arise in edible oils, where Goodman's main competitor is the Angio-Dutch Unilever. behind the RHM move apart Goodman pointed out yester from RHM's obvious desire to expand internationally and the day that a successful offer would result in the loss of attractiveness of Goodman as a effective Australasian control target. One is RHM's need to shake Goodman off its own back. The Australasian group over vital elements of the local food industry." If enough noise is made, the politics of the mat-ter could take on a different retains a 30 per cent stake from last year after failing to find a

buyer at a satisfactory price. This stake is an obstacle for RHM, since it makes shareholder backing for the Good-man takeover far more difficult to secure. It would be ironic if this approval, essential under UK regulations, was a more awkward problem than getting through the Australian rules.

Another important feature of the battle, from the Australian viewpoint, is the manner in which RHM bolstered its balance sheet by introducing a controversial policy of comprehensive brand valuation. which Goodman, under unset-tled Australian accounting standards, has been unable to

Most Australian analysts expect a compromise between the two sides rather than a bid proceeding to completion. One possibility – a merger on terms presumably weighted to RHM – is thought less likely because Mr Goodman has been so adamantly against such pro-posals in the past — save on

The more likely possibility is reckoned to be a settlement which sees each withdraw from the other through some sort of equity- or asset-swap-ping arrangement. It is too early to speculate how this might be achieved. But it is not too fanciful to imagine another telephone conversation between Sir Peter and Mr Goodman, closing the battle with a truce after opening it

ASLK-CGER IFICO

¥4,000,000,000 Floating Rate Nikkei Average Notes Due 1992

Unconditionally and rrevocably guaranteed by Algemene Spaar- en Lijfrentekas/Caisse Générale d'Epargne et de Retraite

Notice is hereby given that the Rate of Interest for the Interest Period from 24th April, 1989 to 24th October, 1989 is 6-70% per annum.

Interest payable on 24th October, 1989 will amount to ¥335,918, per ¥10,000,000 principal amoun of the Notes.

Agent Bank The Long-Term Credit Bank of Japan, Limited Tokyo

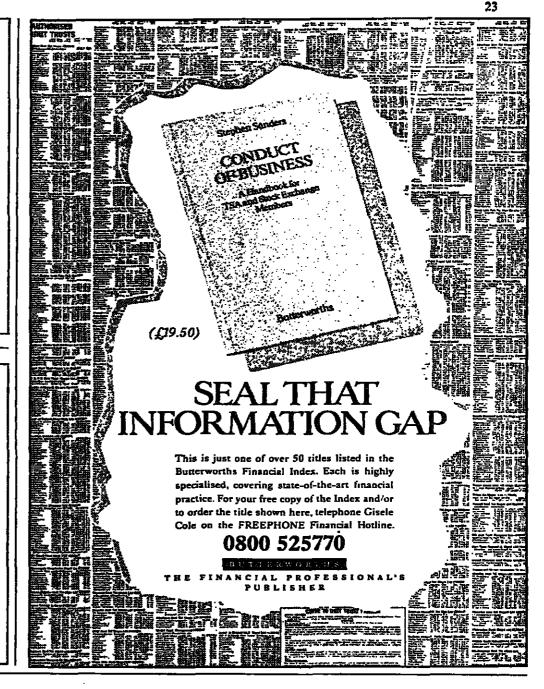
> Wells Fargo & Company £60,000,000

Floating Rate Subordinated Notes due January 1994

In accordance with the provisions of the Notes, notice is hereby given that for the Interest period 26th April, 1989 to

26th July, 1989 the Notes will carry an Interest Rate of 13%% per annum. Interest payable on the relevant interest payment date 26th July, 1989 will amount to £166.73 per £5,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York London



REPUBLIC NATIONAL BANK OF NEW YORK

A subsidiary of REPUBLIC NEW YORK CORPORATION **Consolidated Statements of Condition** (In Thousands)

	Marc	h 31,	Liabilities and	March 31,	
Assets	1989	1988	Stockholder's Equity	1989	1988
Cash and due from banks Interest bearing deposits	\$ 325,479	\$ 310,473	Non-interest bearing deposits: In domestic offices In foreign offices	\$ 639,775 85,360	\$ 580,76 137,74
with banks Precious metals	9,268,072	8,632,233 62,547	Interest bearing deposits:		
Precious meiais Investment securities	136,443 2,774,044	3,204,042	In domestic offices In foreign offices	5,230,653 7,722,441	4,301,12 8,798,91
Tracing account assets	178,790	248.475	•		
	1,10,130	210,170	Total deposits	13,678,229	13,818,54
Federal funds sold			Short-term borrowings Acceptances outstanding	439,177	587,95
and securities) j.		Accrued interest payable	2,178,609	1,663,72
purchased under			Other liabilities	225,008	172,89 431.74
resale agreements	103,083	587,631	Long-term debt	535,105 1,675,217	1,102,91
Loans, net of unearned	ļ ļ		Stockholder's Equity:	1,0/3,21/	1,102,91
income	4,048,018	3,895,422	Cumulative preferred stock,	!	
Allowance for possible	1 ' ' 1		\$100 par value: 1,000,000	l i	- ·
loan losses	(151,358)	(201,825)	shares outstanding	100,000	100.00
Loans (net)	3,896,660	3,693,597	Common stock, \$100 par value: 4,800,000 shares	100,000	100,00
Customers' liability on	l I		authorized: 3.550.000	1 1	
acceptances	2.176.734	1,657,921	shares outstanding	355,000	355.00
remises and equipment	314.806	350,171	Surplus	860,000	845.00
Accrued interest receivable	269,422	239,133	Retained earnings	319,447	310,56
investment in affiliate	462,610		Total stockholder's equity	1,634,447	1,610,58
Other assets	459,649	402,151	Total liabilities and		
Total assets	\$20,365,792	\$19,388,374	stockholder's equity	\$20,365,792	\$19,368,37
		-	Letters of credit outstanding	\$ 1,299,761	\$ 965,22
Th	e portion of the im	vestment in precious	metals not hedged by forward sale in 1989 and 1988, respectively.		• •••
REPUBLIC NEW YORK			iii isos aiki isoo, iespectively.		-
NEPOBLIC NEW TORK (Summary of Results		1		Three Mo	oths Ended
(In Thousands Except Per Sh	nare Data)				ch 31,
•	•			1989	198
Net income				\$ 41,779	\$ 37.58
Cash dividends declared on	common stock			\$ 9,613	\$ 8,95
Per common share;					
Net income				\$ 1.20	\$ 1.1
Cash dividends declared				\$.32	S .3

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(30 offices in Manhattan, Brows, Brookyn, Causens, Weetchester & Rockland County)
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1. 1944日本 AMB TO THE TERMATIONAL APPOINTMENTS - 1944年 - 1944

Bell Atlantic names Campanella president

BELL Atlantic, the US telephone company, said Mr Anton Campanella, president and chief executive of its New Jersey Bell unit, will succeed Mr Raymond Smith as its president, effective from July 1.

Mr Smith, who will retain his chief executive post, was also named the next chairman of Bell Atlantic, a post he will assume on July 1. He will succeed Mr Thomas Bolger, who will remain on the board. Mr Campanella will become

chairman of the board of New Jersey Bell until he assumes his new role. Mr James Cullen, chairman,

president and chief executive

of the company's Bell Atlantic Enterprises unit, succeeds Mr Campanelia at New Jersey Beli as president and chief executive immediately. He will become chairman of New Jersey Bell on July L

Pat Goodman: rejected

totally unacceptable'

RHM's takeover bid as

sought and won its approval to

take over RHM. Most of RHM's products in the region are com-

plementary to, rather than direct competitors of, Good-man's. And the precedent has been established in Australia

that the ownership of a domi-nant market can be transferred

without implications for com-

approval of the Foreign Invest-ment Review Board, despite

the important relaxation of its

guidelines in 1986 regarding

foreign ownership of manufac-turing businesses. Under the

change, applications win

approval automatically unless there are reasons of overriding

national interest. So far no

the British dominance of Australia's bread market which might result from an RHM-con-

trolled Goodman fighting its

smaller but tough competitor,

George Weston - which is

controlled by another UK

group, Associated British Foods A similar concern might

One worry for RHM could be

serious test case has arisen.

petition or concentration. A more tricky situation could arise in securing the

* * *

COCA-COLA has appointed Mr Douglas Ivester, 42, president of its European operations. As the company's chief financial officer, Mr Ivester helped the US soft-drinks manufacturer conduct a wide-ranging restructuring of its finances and operations but has no operational experience. He has been with the company

His new post will become more important after Europe establishes a unified market in

distribution operations, similar to what it did in the US with the establishment of Coca-Cola per cent stake.

lian non-life insurer and investment group, has appointed Mr John Landerer as

Coca-Cola has been pursuing an aggressive plan of acquisi-tions and joint ventures over-Enterprises, the domestic bottling unit in which it has a 49

chairman.

seas to restructure and consoli-date its bottling and

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Financial Highlights

Total Loans Deposits Capital & Reserves Specific Provisions Unallocated Loan Reserve Net Operating Profit

(In million US\$) 1.414 1,145 1,107 39 150

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Arab International Bank, Banco Cafetero, Banco de Bogota S.A., Banco de Chile, Banco de Cotombia: S.A., Banco de Credito del Peru, Banco de la Nacion, Banco de la Republica Oriental del Uruguey, Banco del Estado, Banco del Estado de Chile, Banco Industrial S.A., Banco intercontinentale Arabe, Banque Nationale de Developpement Agricole et Industriel, Corporacion de Formento de la Producción, Corporacion Financiera Colombiana SA. Corporacion Financiera Nacional, National Bank of Bahrain, National Commercial Bank, Rivad Bank, UBAF Group Holding (Panama) S.A.

Mr Landerer became acting chairman after the recent death of Mr Larry Adler. Fol-lowing his father's death, Mr Rodney Adler became chief

Mr Landerer is a director of TNT and Advance Bank among other Australian companies.

TIME INC, the US media

group, has appointed Mr Rob-ert Miller, publisher of Time magazine and group publisher worldwide publisher. Mr Louis Weil, chief executive of the Detroit News, was

also appointed publisher of Time US, reporting to Miller. Time has agreed to merge with Warner Communications Inc and has been the subject of takeover speculation.

* * *
UNITIKA, a leading Japanese synthetic fibre maker, has announced the promotion of Mr Keita Taguchi, 62, from vice president to president. The move is effective from

Mr Yutaka Hirata, president for more than seven years, is Both appointments are subject to final approval at a board meeting on June 29.

STREGO, the US automotive parts distributor, said Mr Dean Anderson would be relinquishing his posts as president and chief executive officer.

The company did not explain the reason for the management change but said the positions will not be filled.

Mr Anderson will remain as

a director and a consultant to

PRICE Waterhouse, the accountancy firm, has announced the appointment of Mr Thomas Macey as world chairman of financial services.

Mr Macey, who is based in
New York, takes up the
appointment on July 1. He succeeds Mr William Mitchell of
the Price Waterhouse Cana-

In a separate development Price Waterhouse has appointed Mr William Linnenbringer as managing partner of its US firm's financial services

ANZ McCaughan Securities (USA), in New York, has appointed Mr John Richart its senior vice president and manager of mergers and acquisi

Mr Richart was formerly the managing director of mergers and aquisitions at Chase Man-

The Prudential Insurance Company of America U.S. \$500,000,000

Collateralized Mortgage Obligations Series 1986-1

For the period 25th April, 1989 to 25th May, 1989 the Bonds will carry an Interest Rate of 10.45% per annum with an Interest Amount of U.S. \$223.18 per U.S. \$50,000 (the original Principal Amount) Bond, payable on 25th May, 1989. The Principal Amount of the Bonds outstanding is expected to be 51.257162% the original Principal Amount of the Bonds, or U.S. \$25,628.58 per Bond until the Twenty Ninth Payment Date.

Bankers Trust Company, London

Agent Bank

U.S. \$100,000,000 National Westminster

Finance B.V.

Guaranteed Floating Rate Capital Notes 1992 In accordance with the provisions of the Notes, notice is hereby given that for the six months interest Period from April 27, 1989 to October 27, 1989 the Notes will carry an Interest Rate of 10%% per annum. The interest payable on the relevant interest ate, October 27, 1989 against Coupon No. 18 will be

By: The Chase Menhattan Bank, N.A. London, Agent Bank

Notice to Bondholders of

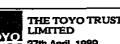
THE TOYO TRUST AND **BANKING COMPANY LIMITED** U.S. \$100,000,000

1¾ per cent. Convertible Bonds due 2002

Pursuant to Clause 7, sub-clause (E) of the Trust Deed relating to the Bonds, notice is hereby given as follows:

The issue by The Toyo Trust and Banking Company, Limited of 40,000,000 new Shares on 26th April, 1989 and the issue of Japanese Yen 35,000,000,000 convertible bonds due 1996, Japanese Yen 15,000,000,000 convertible bonds due 1995, Swiss Francs 100,000,000 convertible bonds due 1994 and Swiss Francs 100,000,000 convertible notes due 1994 (together the "1989 Convertibles) on 25th April, 1989 has resulted in the adjustment of the current Conversion Price in accordance with Clause 7(H)(iv) and (v) of the said Trust Deed.

As a result, the Conversion Price of the Bonds has been adjusted from ¥2,705 per Share to ¥2,679.2 per Share with effect from 26th April, 1989, to take account of the public offering of Shares and the 1989 Convertibles



THE TOYO TRUST AND BANKING COMPANY, TRUST 27th April, 1989

DSM 😥

Naamioze Vennootschap DSM based at Heerlen

Convocation for the annual meeting

The annual meeting will be held on Tuesday, May 16, 1969, from 11.00 a.m., in the city theatre (Stadsschouwburg), Burg. van Grunsvenplein 145, Heerlen (Netherlands).

The agenda with notes, the annual financial statements and the annual report, with the data as meant in article 392 section 1 Book 2 of the Civil Code and the data as meant in article 142 section 3 Book 2 of the Civil Code are available for inspection. by the shareholders and other persons entitled to attend the meeting, at the office of the company, Het Overloon 1, Heerlen, and at the banks mentioned below, and can there be obtained free of charge.

Holders of registered shares who wish to attend the meeting should send in a written notification to that effect to the Managing Board of Directors not later than May 11, 1989.

later than May 11, 1989 at one of the offices of the banks mentioned below against receipt, which receipt gives access to the meeting. Persons attending the meeting should be able to identify themselves upon request.

The foregoing also holds for those who derive meeting rights from rights of usufruct or lien attached to shares.

in the Netherlands: Amsterdam-Rotterdam Bank N.V. Foppingadreef 22, Amsterdam Algemene Bank Nederland N.V. Viizelstraat 32, Amsterdam

Bank Mees & Hope NV Keizersgracht 683, Amsterdam Nederlandsche Middenstandsbank nv De Amsterdamse Poort, Amsterdam Pierson, Heldring & Pierson N.V.

Herengracht 214, Amsterdam Rabobank Nederland Croeselaan 18, Utrecht

In the United Kingdom: S.G. Warburg Securities 1, Finsbury Avenue, London

In Switzerland Swiss Bank Corporation Bärengasse 16, Zürlch

In Germany: Deutsche Bank AG Taunusanlage 12, Frankfurt am Main 1

In France: Banque Nationale de Paris 16, Boulevard des Italiens, Paris

In Belgium: Generale Bank Warandeberg 3, Brussels

Heerlen, April 26, 1989 The Managing Board of Directors

AUTOMATIC IDENTIFICATION The Financial Times proposes to publish a Survey on the above on

23rd MAY 1989

For a full editorial synopsis and advertisement details, please contact:

JONATHAN WALLIS

on 01-873 3565 or write to him at: er One, Southwark Bridge London SE1 9HL.

FINANCIAL TIMES

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INTERNATIONAL COMPANIES AND FINANCE

Du Pont boosts income by 25%

FTC investigates Benetton's retail methods

Compaq notches up strong European sales

he added.

facilities.

pany's growth.

By James Buchan in New York

DU PONT, the largest US chemicals group, reports a 25 per cent advance in net income with good performances in all its traditional businesses and an improvement in its oil and

gas operation.

The first-quarter result, which showed earnings of \$736m or \$3.08 a share, comes after weeks of growing enthusi-asm for Du Pont on Wall Street. Impressed by the strong growth in the group's farm and industrial chemicals, specialised fibres and its polymer business, investors have driven up the company's stock by nearly 20 per cent since the beginning of the year. Mr Richard Heckert, the out-

going chairman of the Wilmington Delaware conmutativ.

By Roderick Oram in New York

THE US retailing practices of

Benetton are under investiga-

tion by the Federal Trade Com-

mission, the Italian clothing manufacturer has disclosed in

its prospectus for a US share

At the root of government

concerns is Benetton's busi-

ness relationship with its inde-pendent store owners who gen-

erate virtually all its sales.

worldwide, only 45 are owned

most of whom have defaulted on payments to Benetton, have alleged in bankruptcy court

proceedings that Benetton has

engaged in unfair trade prac-tices and violated certain fran-

chise and other statutes," the

prospectus says.
The preliminary investiga-

tion by the FTC's New York office could lead to a full-scale

COMPAQ Computer, the fast

growing Texas-based personal computer manufacturer,

reported higher than anticipated sales and earnings for

the first quarter, driven by exceptionally strong sales in

Europe. Net income increased 78 per

cent to \$83m, or \$1.95 per share, from \$47m or \$1.21 in the same period last year.

Sales advanced 55 per cent to \$683m from \$439m in the year-

ago quarter.
"Sales outside North Amer-

ica were particularly strong,

first quarter revenue," said Mr

Mike Swavely, vice-president of

By 1992, European sales will represent about half of Com-

pag's revenues, he predicted,

JOHNSON & Johnson, the US

consumer health-care com-

pany, increased first-quarter net income despite relatively

The New Jersey company, best-known for its Tylenol analgesic and a range of baby-

care products, lifted net income by 13.6 per cent to

\$317m. Earnings per share rose by a quicker 17.3 per cent to 95

cents because of a reduction in

the share capital base.
Sales rose 5.8 per cent to \$2.45bn. Domestic sales were

8.7 per cent up at \$1.28bn, but

international sales rose only

2.8 per cent to \$1.17bn. Over-

seas sales were hurt by a high dollar exchange rate. At con-stant rates, they would have

risen 8.9 per cent and overall

Banner in \$457m bid

BANNER Industries, the US group which was involved in a

fierce takeover battle for Avdel, the UK fasteners group, has launched a \$457m bid for the aircraft braking systems and engineered fabrics divisions of Loral, the US manufacturer of electronic warfers and

turer of electronic warfare and

communications systems and

military computers.

sales by 8.8 per cent.

sluggish growth in sales.

sales and marketing.

Earnings up

at Johnson

& Johnson

By James Buchan

By Louise Kehoe in San Francisco

said the strong start to 1989 should mean "a fourth consecutive year of annual earnings growth, further improving shareholder value."

Sales rose 10 per cent to \$8.67bn. Du Pont's industrial products, fibres, polymers and diversified businesses enjoyed a 6 per cent increase in sales volume and 5 per cent rise in prices, with the prices rises occurring at home and the volume growth overseas.

Thanks to strong demand for

white pigments and industrial chemicals, operating profits from industrial products rose 52 per cent to \$147m, while fibres profits were up 8 per cent at \$173m and polymers 13 per cent at \$131m.

study of whether Benetton should have set up its US

operations under franchise

laws or whether it has engaged in "unfair and deceptive prac-

tices" as defined by the FTC

subject to franchise laws because it has arm's length

arrangements with stores negotiated by "independent sales representatives." The company has divided up the

world between 70 such agents who get a commission of

between 5 per cent and 7 per cent of the value of all goods

ordered by stores in their terri-tory. On average the agents

earn around \$1m a year in

commissions.
The representatives recruit

owner-operators and help them establish their stores with fix-tures and fittings bought from

the company. Some have com-

up from about 36 per cent in

Market growth in Europe is running ahead of that in the US, with sales of business per-sonal computers through retail

dealers expected to grow by

"Market development is a few years behind that in the

US," explained Mr Swavely. In

Europe 10-20 per cent of busi-

ness executives currently have the use of a personal computer, whereas in the US the figure is

closer to 40 per cent, he reck-

positioned to take advantage of

growth in Europe. We achieved

critical mass in Europe last

year, when our European sales rose from \$300m to \$800m and

about 25 per cent this year.

The company claims it is not

and gas business Du Pont als for new plastic products. bought at the beginning of the 1980s, doubled to \$217m as a result of higher crude oil prices and a \$38m capital gain. In diversified products, farm and medical products did well but-earnings, at \$104m, were 12 per cent down on 1988's result, which included a special \$30m

gain.

Du Pont and Waste Management, the big Chicago-based waste-treatment company, are forming a joint venture to start a set of plants to recycle plastics. The first plant, which will be operating by the beginning of next year, will sort and treat about 40m. pounds of plastic soft-drink bottles and milk containers Profits from Conoco, the oil

weighted heavily in favour of the representatives and the

company because, for example,

some representatives force goods on them they cannot sell

and set up competing stores too close to them.

Moreover, legal recourse is hard for the store owners have no written contracts with the

representatives or the company. Some owners who have tried to complain say the repre-sentatives have either withheld

goods from them or tried to drive them out of business by

company," it says in the prospectus for 8m American depositary receipts. The issue, which will raise about \$130m when it is floated in about six weeks, will reduce the Benefits

ton family's ownership from 87.

land, which now supplies more than 40 per cent of Compaq's international product sales,"

Compaq plans to expand its

European production this year

and again within the next few

years. The company has yet to decide where to locate new

Compaq also has expansion plans for the US, where its strengths in the high performance sector of the personal computer market, and its

recent entry into the laptop

Both these market segments

are growing at a rate of more

than 100 per cent each year. The company now claims a 50

opening neighboring stores. Benetton does not believe the investigation "will have a material adverse effect on the The ambitious plan, amounced in New York this week, is a response to the crisis in solid waste disposal, particularly in the eastern US. Plastics are much harder to recyle than paper, aluminium or glass because of their chamical complexity. Some local authorities are considering out-

lawing some forms of plastic

packaging.
Mr Phillip Rooney, president
of Waste Management, said:
"Our joint venturs will demonstrate that plastics can be efficiently diverted from the mun-cipal waste stream and put to productive re-use in new prod-ucts. It means the recycling of plastics will become a greater

The FTC said its list of civil

nalties is wide ranging if it

finds Benetton broke laws. It

can, for example, order the writing of franchise contracts

between store owners and the company, seek damages from Benetton on behalf of owners

and ask a court to levy fines of up to \$10,000 a day from the time a judgment was delivered.

have a major impact on a com-pany," said Mr Craig Tregillus,

the FTC's chief of franchise

Mr Federico Minoli, general manager of Benetton USA, said the company amending its retailing strategy in the US

and trying to improve relations

It is, for example, strength-ening its management ranks in the US, moving to higger stores and developing ways to improve its service to store

• Commenting on Digital

Equipment's plans to enter the European personal computer

market through an agreement with Olivetti, Mr Swavely said

that the company does not regard the move as a signifi-

cant challenge.
"The minicomputer manu-

facturers, such as Digital,

address a very narrow part of the personal computer market,

selling only to their own mini-

computer customers," he

a similar partnership with Tandy Corporation, which is

supplying Digital with per-

sonal computers for the US

market.

In the US, Digital has formed

with store owners.

manufacturing plant in Scotland, which now supplies more for personal computers based on the Intel 386 microproces-

"When we bring a case it can

Settlements of lawsuits offset USX steel slide

By Anatole Kaletsky In New York ---

USX, THE Pittsburgh-based energy and steel company, almost doubled first-quarter net profits. However, the USS steel division suffered a sharp fall in operating profits, while results for the whole group benefited from one-off gains connected with the settlement

of lawsuits and inventory val-uation adjustments. USE made \$296m or \$1.09 a share on sales of \$4.6km in the quarter, compared with \$157m or 52 cents on sales of \$4.0bn a year ago. Operating income before tax was \$514m, against

But the result included net benefits of \$119m connected with provisions and the settlement of lawsuits. Inventory valuation adjustments added \$60m to operating income,

against \$20m a year ago.
The steel segment reported operating income of \$99m on sales of \$1.5bn. This compared with profits of \$167m on \$1.4bn in sales last year. The decline was due primarily to weakness in the oil tubular goods market and higher raw. material costs, said Mr David Roderick, chairman.

The energy segment had operating income of \$388m on sales of \$2.8bm, compared with \$91m on sales of \$2.4bm last year. The higher income this year included \$119m from the settlement of three lawsuits involving the Texas Oil & Gas subsidiary, pins a favourable change in the inventory mar-

Philips stake improves results at Whirlpool By Karen Zegor

WHIRLPOOL, the second biggest US home appliance maker, reported strong first-quarter earnings growth, reflecting its purchase of a 53 per cent stake in the appliance business of Philips of the

Netherlands. Net income rose to \$40.7m or 59 cents a share from \$33.2m or 48 cents on revenues up 47.7 per cent to \$1.58bn from \$1.07bn. The latest figures include all revenues and assets but only 53 per cent of profits from the venture with Philips. Whirlpool said that growing profits from the former Philips the additional interest expense on debt used to finance its purchase of the stake and to write

off related intangibles. Equity income from the company's other foreign affiliates dropped from \$4.4m to a loss of \$200,000.

Sharp reverse

at Chevron

By Anatole Kaletsky

CHEVRON, the third largest

US oil company, suffered a 52 per cent decline in first-quar-ter earnings to \$313m or 91 cents a share. However, last

year's net profit of \$653m or \$1.91 included \$211m in one-off gains from the sale of

Angolan operations and a tax refund. Quarterly revenues

Like other oil companies,

Chevron reported a sharp reduction in its US refining

and marketing profits, to \$7m

from \$134m last year. Refining and marketing outside the US

saw a 34 per cent reduction in profits to \$43m from \$65m. Exploration and production

profits in the US jumped by 52

however, these profits fell from \$337m to \$116m. The

year-earlier figure included a gain of \$191m from the sale of Chevron's Angolan operations. Explaining the decline in donwstream results, Mr Ken

Derr, chairman, noted that the cost of refinery feedstocks had

risen from \$13 a barrel in

November to \$20 at the end of

the first quarter, a much faster escalation than had occurred

in gasoline pump prices.

Procter and

per cent to \$70m. Overse

74

rose 2.7 per cent to \$7.7bn.

we doubled the capacity of our per cent share of the market Cray Research just breaks even

By Roderick Oram

CRAY Research, the world's eading maker of supercomputers, barely broke even in the first quarter after customers postponed deliveries of nachines until the second half

of the year.
The news initially knocked \$6% off Cray's stock price, which closed at \$49 on Tuesday even though the company remained optimistic about its full-year outlook. Investors are frequently unsettled by its results, which are notoriously volatile because computer systems at the top of its line can cost more than \$20m each. Net profits for the three months ended March 31 dropped to \$1.5m or 5 cents a share, from \$26.4m or 85 cents, a year earlier, Revenues fell to \$116.1m from \$145.9m.

The company said the results were consistent with its earlier forecast that shipments of computer systems would be "much higher" in the second half than the first.

But more delivery dates had shifted subsequently to the sec-ond half, indicating that revenues then will be similar to the \$476.1m reported a year earlier. The directors said the company was keeping costs under control and investing fully in new products. But they added that the weighting of revenues towards the second half of the year could leave second-quar-ter earnings down significantly

from last year's corresponding 61 cents a share.

Jerusalem Post sale aids Koor By Hugh Carnegy in Jerusalem ·

ISRAEL Investors Corporation, a subsidiary of Israel's hard-pressed Koor Industries conglomerate, will realise between \$15m and \$20m from the sale of its controlling shareholding in the Jerusalem Post newspaper to the Hollinger group of Can-ada, it emerged yesterday.

As final details of the deal

were being completed by Hol-linger and IIC, senior officials involved said it included two packages of stock. These were 55 per cent of the Palestine Post company, which publishes the English-language daily, and 50 per cent of the Jerusa-lem Post company, which

prints the newspaper and publishes the weekly international edition. The balance of the latter is owned by Palestine Post.
The officials said the final price would be less than the \$20.6m originally bid by Hollinger, but more than \$15m. This is really the created of the price with the property of the property of

is well in excess of the nearest competing bidders and amounts to a considerable boost for Koor, which did not anticipate such a high sum when it decided to include the shareholding in a \$200m asset agreed with creditors to ease its huge debt burden. Koor, owned by Israel's labour movement, is the coun-

try's biggest industrial group. It will now go on to sell its 50 per cent stake in IIC, whose main assets are predominantly in US bonds. Koor hopes to raise up to \$25m from this shareholding.

Hollinger, controlled by Mr Conrad Black, has yet to announce its plans for the Post, which has a maximum circulation at home of 45,000. Post staff understand the main focus will be on expanding sales to the Jewish community in the US where the international edition now sells about 40,000 copies a week.

Gamble ahead By Roderick Oram

PROCTER AND Gamble, the US toiletries, food and deter-gent maker, registered strong growth in third-quarter earn-ings thanks to higher sales volume and increased prices. Net profits totalled \$310m or \$1.85 a share, up 18 per cent

from \$263m or \$1.53 a year earlier. Sales rose 12 per cent to \$5.43bn from \$4.86bn. For the first nine months, net profits were ahead by 18 per cent to \$1.03bn or \$6.13 a share, from \$880m or \$5.14.

Sales rose 11 per cent to \$15.97bn from \$14.36bn. Results were also boosted by

gains on foreign currency translations but the range of . positive factors was partly offlifted revenue by 13 per cent. set by a higher tax rate.

US media groups ahead at operating level

By Karen Zagor in New York

TIMES MIRROR and the Washington Post, two leading print and broadcast media companies, have reported higher earnings from operations but lower net profits because of special gains a year ago.
Times Mirror, publisher of the Los Angeles Times, regis-

tered first-quarter net income of \$68.8m or 53 cents a share, down from \$75.1m or 58 cents for the same period last year. Excluding an after-tax gain last year of \$15.3m from the sales of assets, per share earnings this quarter of 53 cents, were up 15 per cent. Revenues

for the latest quarter were \$846.9m, against \$774.6m. Mr Robert Erburu, chairman and chief executive, said: Ongoing cost containment

efforts are contributing to improvements in our operations. However, we are continuing to experience some softness in advertising demand in certain markets." Overall operating profits

rose 8.9 per cent to \$129.6m from \$119m. Newspepers contributed \$90.1m, against \$75.2m, with increased advertising volume, lower costs and five additional days, including a Sunday, in the 1989 account-

ing period contributing to the improvement. The Los Angeles Times and the Baltimore Sun reported the strongest perfor-

Operating profits for the book, magazine and other publishing sector fell 20.7 per cent to \$18.0m from \$22.7m due to higher editorial, administrative and postage costs, primarily at Times Mirror magazines. The cable television group

saw operating profits jump 57.8 per cent to \$14m from \$8.9m because of subscriber growth, higher rates and lower costs. The Washington Post Company also reported a decline in

first-quarter earnings with net income of \$41.5m or \$3.22 a share, against \$144.8m or \$11.25 a share last time. There was a non-recurring gain of \$115.7m or \$8.99 a share in the first quarter of 1988 from the sale of its cellular telephone interests. Excluding this, first-quarter income this year was 42 per cent up on a year ago.

The Washington DC-based company said total operating

income was \$66.9m, up from \$45.6m. Newspaper revenue increased 7 per cent. TV station revenues rose 5

per cent. The cable division

INTERNATIONAL CAPITAL MARKETS

World Bank issues fail to enliven lethargic trading

slide

THE RESERVE OF THE PARTY OF THE

- North EUROBOND markets lacked direction yesterday as a dearth of new-issue activity was little relieved by quiet trading of secondary bonds. UK and US economic data was judged as broadly neutral before the first coupon date on November 15. The new paper was priced against broadly neutral.

broadly neutral.
Only a handful of new issues emerged, with two deals for the World Bank prominent.
Banque Paribas Capital Markets (BPCM) was the lead manager of a C\$150m seven-year zero-coapon deal for the bank, the first such issue by the borrower. The deal was later increased to C\$200m after good demand.

A BPCM official said that the bonds had been priced to offer a similar yield to maturity of the equivalent government

The paper was well received, finding expected demand from continental European retail investors as well as unexpected interest from some institu-tional accounts, notably Ger-man mutual funds which were reported as buying large

The deal was quoted by the lead manager at less 1.14 bid, inside underwriting commissions of 1% per cent. Unusually, the proceeds were swapped by a third party into fixed-rate US dollars, leading to speculation that the bank was taking a bearish view of US

Svenska International

BOTTOWER
CANADIAN DOLLARS

Issue update: Oresdner Finance+†(a)

msue upcate: Japan Air System++5∳(c)

new paper was priced against the existing issue which was trading at 99.40 bid early yes-

INTERNATIONAL BONDS

terday morning.
The new bonds were launched, and were later trading, at 99.25 bid, a discount to the issue price of 100% per cent equivalent to full underwriting fees of 1% per cent. At that level, the paper offered a yield to maturity of 10.71 per cent, against the Swedish govern-ment bond yield of 11.33 per

moderate first-day interest in the issue, but said that the tone of the market meant placement would take time. The issue proceeds were swapped by the lead manager into floating-rate US dollars.

The Euro-guilder sector stut-tered to life with a Fl 100m deal by TNT which was brought by Algemene Bank. The five-year bonds were priced at 101 per cent and carried a coupon of 7% per cent. The lead manager said the bonds were trading within underwriting fees of 1%

NEW INTERNATIONAL BOND ISSUES

100.05

101

100.50

100

100%

1013

FT INTERNATIONAL BOND SERVICE

1999

6**15**

612

7.5

per cent.

In Switzerland yesterday, trading remained subdued as high money market interest rates continued to discourage investors from buying bonds. Traders commented that Japanese convertible issues were weak following the poor reception of Monday's two-tranche issue for Fuji Bank.

A SFr150m 12-year deal for the African Development Bank was issued by Credit Suisse. The bonds came with a 6% per cent coupon and were priced at 100% per cent. They were quoted by the lead manager at less 1% bid.

In the latest of a series of

In the latest of a series of cutbacks, ANZ McCaughan Merchant Bank is to cease its market making activities in Australian dollar Eurobonds, AP-DJ reports.

This means that the firm is no longer a market maker in any sector of the Eurobond The house has cut its capital

markets presence since last August, and stopped market making in Eurosterling bonds last November.
An ANZ official said the firm

would continue client dealing in Australian dollar, sterling and US dollar fixed-rate Euro-bonds, and was building up its agency glits business.
It is not yet clear how many redundancies the latest cut-

back will involve.

n/a . Droedner Bank

134/5 Algemene Bank

n/a Credit Suisse

11/2 Swiss Volksbank

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Primerica 5-1, 02 U.S.
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Fejthus 3-99 US.
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Milenia Convert 2-1, 940 M.
Milenia Convert 2

Norwegian accounting standards body set up By Karen Fossii in Oslo

BACKED by a strong mandate to improve corporate accounting disclosures the Norwegian Accounting Standards Founda-tion (NRS) is officially launched today.

One of the main proponents

of NRS is the Oslo bourse which, during a recent investi-gation, found off-balance sheet reporting among stock market listed companies "unsatisfac-tory" and the use of "extraor-dinary items" too readily exploited, particularly by insurance companies and banks.

NRS's mandate will be to develop and publish generally accepted accounting standards in Norway as well as provide interpretation on matters of principle in connection with published standards.

It will have a two-tier structure. A six-member supervisory board will be responsible for administration, making sure the foundation meets the goals of its mandates. The second management tier will comprise a 10-member accounting standards board responsible for technical work. Norweglan accounting principles, which fall under the so-called company law, has hitherto been overseen by the state-authorised Auditors

Association but in recent years the bourse has sought to strengthen the quality of reported accounts.
In addition, according to Mr
Nigel Wilson, the Oslo
bourse's director of analysis and control, other interested organisations have aimed to implement their individual standards for accounting prac-tices which has led to frag-mented standards and prac-

Kredittilsynet, the Norwe-gian Banking, Securities, Insurance and Exchange Commission, has also strengthened requirements for accounting practices and will, in future, put more emphasis on control.

The Ministry of Finance
will, however, have the last
word on NRS's recommendations. Both the Finance Ministry and Kredittilsynet will enjoy observer status at NRS meetings.

Listed are the latest intervational bonds for which there is an adequate accordary market. | Section | Company | Co Firm start for dealing in **JGB** options

THE new market for options on Japanese government bonds got off to a good start yesterday with plenty of con-gratulatory orders near the opening, although this soon slowed to a simmer, AP-DJ reports from Tokyo.

Mr Hiroshi Morimoto, bondmarket strategist at Daiwa Securities, said there was still

a lot of window-shopping going on in the options mar-ket, which was completely over-the-counter. People did

over-the-counter. People did not want to build up large positions ahead of the Golden Week holidays next week, he added.

The head of bond-options trading at one of the Big Four Japanese securities houses said: "We have had more orders than we expected. But we don't expect this to turn into big business."

The best business opportunities for dealers will be to package the options with cash bonds and other instruments for sale to customers, according to Mr Morimoto.

ing to Mr Morimoto.

A large proportion of the deals appear to be written by financial institutions seeking

to generate some premium income from their portfolio holdings. There is also considerable inter-dealer trading. The market is focusing on the benchmark issues.
Dealers say premiums seem fairly low and geared to expectations of low volatility,

Taiwan offshore bank assets dip

LOWER borrowings of US dollars by local banks have pushed combined assets of Taiwan's offshore banking concerns down to \$13.05bn at the end of March, from a record \$13.14bn in February, Reuter reports from Taipet.

This figure compares with \$11bm a year earlier.

Slibn a year earlier.

More than 70 per cent of the assets, held by seven local and 11 foreign banks, came from Asia and the rest from north America and Europe.

A central bank official said most were in cash and the rest in certificates of deposits and

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INTERNATIONAL CAPITAL MARKETS

Treasuries end mixed as dealers assess GNP data

By Janet Bush in New York and Katharine Campbell in London

US TREASURY bonds swiftly lost gains of ½ point in early morning trading yesterday as dealers digested preliminary figures for first quarter GNP and their accompanying price

measures.
In late trading, prices were mixed with short-dated maturi-

GOVERNMENT BONDS

ties posting gains of as much as a point and the long end of the market quoted a point lower. The Treasury's benchmark long bond was quoted & point lower for a yield of 8.95

US GNP expanded at a seasonally adjusted annual rate of 5.5 per cent in the first quarter. Even taking into account the boost that GNP received of around 2.5 per cent by last year's drought, the figure was higher than consensus fore-

casts of nearer 5 per cent.
Also worrying for the bond market were the inflation ligures. There was some confusion, and a small bond rally, earlier on because the implicit price deflator grew by only 3.9 per cent in the first quarter compared with 5.3 per cent in the last three months of 1988.

However, by a statistical quirk, the implicit deflator was actually depressed by sharply higher oil import prices. A more accurate reflection of price pressures was the fixed weight index which rose 5 per cent in the first quarter after gaining 4.2 per cent in the fourth quarter.

UK GILTS

CANADA '

NETHERLANDS

showed that the economy is slowing, but not very much, and inflationary trends are

worrying.
Over recent weeks, the bond market has been rallying as it focused exclusively on the first part of this equation. A realisation that the economy is indeed decelerating but that inflation may go on rising may come to undermine the posi-

There is a view in the bond market that Fed policy is on hold and that the next move in interest rates is probably going to be down. There are, how-ever, several economists who believe that the Fed will tighten again in response to more worrying inflation numbers and rising interest rates

The results of yesterday's two-year note auction were rather lukewarm.

UK gilt-edged securities were marked up significantly on better than expected current account figures for March, although prices at the close were off the day's highs, as initial euphoria at one piece of economic data subsided. On Liffe, the June long gilt futures contract closed at 95-22, ½ of a point above the previous settle ment, although well below the

peak of 96-04. A current account deficit of £1.2bn, compared with £1.7bn in February, calmed, at least temporarily, market fears of a rise in base rates. At the same time, some extraordinary fac-Overall, yesterday's figures tors had contributed to the

Week ago

11.02

6.375

London closing, "denotes New York closing

BENCHMARK GOVERNMENT BONDS

9/92

Price Change Yield

106-31 + 15/32 10.98 97-02 + 20/32 10.28 97-10 + 18/32 9.30

11/98 96,5500 -0.300 6,87 6,85 6,94

Prices: US. UK in 32nds., others in decimal:

Technical Data/ATLAS Price Sources

10.250 12/98 100.3750 +0.025 10.19 10.20 10.64

12,000 7/99 92,9698 + 0,549 13,28 13,55 13,63

6.7500 10/98 97.4750 -0.100 7.12 7.05 7.09

of further poor indicators on the inflation front, had a sober ing effect as the afternoon wore on.

"improved" figure, and the background of labour unrest,

together with the expectation

Inflation concerns beset the German market, as the provi-sional April cost of living data for the federal republic generated a high year-on-year increase of 3 per cent, appear-ing to vindicate the Bundesbank's action in raising official rates last Thursday. On Liffe, the June 10-year bond futures contract closed at 94.01 compared with 94.32 yesterday.

The reception to the new Dutch state loan was warmer than expected, and the market saw active trading, particularly on the back of continuing inflationary concerns in Germany. The new 7 per cent 10-year issue, which raised F13.85bn was larger than anticipated and priced cheaper, at 99.00 After dropping 15 basis points initially, it closed back at 99.00 due to professional interest.

The French market paid greater attention to events in Germany than to the economic data from the US. On Matif the 10-year June futures contract feli 18 basis points to close on the official market at 106.40. The cash tap stock, the 8½ per cent due 1999, lost 28 centimes

on the day. Today dealers will focus on whether the Bank of France will match German rate increases at the repurchase

Trading in the Japanese mar-ket was directionless for the introduction of over-the-counter options. With the cash market nervous ahead of the expected US first-quarter **CNP** figures and institutional investors largely staying away until premiums had settled, options turnover was limited. The No.111 benchmark issue,

which bears a 4.6 per cent cou-

pon, closed at a yield of 5.32

Developing nation stock exchanges surging

By Peter Riddell, US Editor, in Washington

TAIWAN has become one of the world's 12 largest stock markets and the fifth most active, although requiring reform of its investor protec-tion and accounting standards. A detailed analysis by the International Finance Corporation, a World Bank affiliate. notes that the stock markets of several developing countries have been among the best performers over the past four years - well ahead of both

Japan and the US in dollar

In the latest edition of its factbook the IFC, which encourages the growth of developing countries' capital markets, highlights a number of increases both in activity and share prices, notably in several Pacific Rim countries. In 1988, total returns, includ-ing dividends, in nine emerging markets were higher than in the Japanese market in dol-lar terms, adjusting for

exchange rates.
On a longer-term comparison, between the ends of 1984 and 1988 the Philippines, Korea, Zimbabwe, Taiwan, Chile and Mexico all outper formed Japan, with Thailand and Columbia not far behind. The report highlights the sharp increase in the market

excluding Taiwan there has still been a sharp growth both capitalisation of the emerging markets, up from \$95bn in 1984

to \$377,4bn last year - in total less than a tenth of the level of the Tokyo market and half that of London

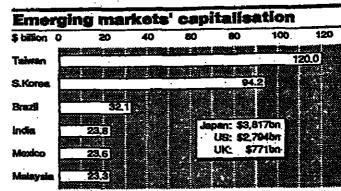
Over the same period, the value of shares traded has risen from \$31.9bn to \$407.8bn, in total this is a sixth of the level of Tokyo and two-thirds

of London.
The figures have, however been significantly influenced by the phenomenal growth of share prices and the level of trading in Taiwan. In 1988 the market capitalisation of the Taiwanese markets rose 120 per cent and the value of shares traded jumped nearly 3% times to \$275.6bn, well over half the level of London.

However, the Taiwanese market last year accounted for nearly a third of the market capitalisation of the 30 emerging markets and two-thirds of the value of shares traded in these countries. The turnover ratio - value

traded as a percentage of year-end market capitalisation — was nearly 233 per cent in Taiwan compared with about 60 per cent in New York. Apart from Korea and Thailand the ratio is less than 20 per cent in most of the other emerging

None the less, even after



in levels of activity and prices in several Asian and Latin American markets. In terms of capitalisation Korea is now larger than Hong Kong and roughly the size of Sweden.

In pointing to the potential for further development, the IFC notes that while the countries with emerging markets in 1988 accounted for 12 per cent of world GDP they represented less than 4 per cent of total world market capitalisation. The report, however, notes

varying standards of market information and investor proection. On both counts, Brazil Chile, Mexico, Korea, India and Malaysia are counted good, but Taiwan is recorded in the cate-

gory of "poor, requires reform." The Philippines is rated as good on accounting, but merely adequate on inves-

tor protection.

There are also large variations in the extent to which emerging country markets have adopted automation in their settlement systems. Big differences also exist in

comparative valuations. The east Asian markets follow the lead of Japan in having very high price earnings ratios by international standards. Taiwan was on a ratio of more than 40 at the end of last year, against just under 13 a year earlier and Korea was up from 21.7 to 39.5. This compares with

59.8 for Japan and a World

average of 18.1.

Apart from India and Malaysia, most of the other emerging countries, particularly in Latin America, are valued on price earnings ratios of less than the

world average.

• In an effort to crack down on illegal stock trading and reduce soaring turnover, Taiwan's Securities and Exchange Commission will obtain greater power to investigate stock transactions, Reuter

An SEC spokesman said regulations coming into effect today aimed to end illegal

today aimed to end illegal "wash-selling" - buying and selling a given stock in the same trading day.

The SEC will require brokerage houses to present for inspection on demand any stock certificates sold through them during the manufacture of the second them during the previous mar-ket day. They will be given only 10 minutes' notice of inspection.

Brokerages currently are required to clear with the SEC only the net balance of stocks at the end of each trading day, making it impossible to monitor some day trading. tor same day trading.
Emerging Stock Markets
Factbook, 1989. International

Finance Corporation, published in Washington, Paris, Tokyo and London.

GPA Group companies arrange \$250m facility

By Norma Cohen

THREE associated companies of GPA Group, the Irish airline leasing company, have arranged a \$250m one-year loan facility for aircraft purchases that will be the model for a much larger facility expected to be signed later this year.

GPA said last week it had purchased \$17bn worth of aircraft and aircraft options with delivery expected through 1998, making it the largest-ever single aircraft deal. While the latest loans are not intended to cover the most

recent aircraft purchases, the structure could be the model for financing once the craft are ready for delivery. Because GPA's aircraft purchases and operations are made through a series of affili-ated joint ventures with air-

umbrella financing arrange-

manufacturers, an

ment that will cover all of

them is needed.
The \$250m facility, arranged by Citicorp, is intended to provide funding for three separate GPA affiliates: Irish Aerospace Ltd, GPA Fokker Ltd and GPA Jetprop Ltd. All loans are nonrecourse to GPA and secured only by the assets and cash flow of each venture. However, GPA retains at least a 50 per cent interest in each venture. The facility carries a margin

of 75 basis points over London interbank offered rates and a commitment fee of 25 basis points. It is intended to provide bridging financing for the first of the aircraft that GPA has ordered and may be fully repaid in January 1990.
It will be buttressed by a similar \$1.25bn loan structured similarly but covering several

additional GPA affiliates.

Austria pledges to retain 10% withholding tax

AUSTRIA will keep its 10 per cent withholding tax, in splte of West Germany's plan to scrap its equivalent duty, an official at the Finance Ministry said, Reuter reports from

The officials added that the tax, expected to bring Austria about Sch3.5bn (\$267m) in 1989, was economically justifi-

On Wednesday West Germany's ruling coalition parties agreed to scrap the unpopular 10 per cent tax on investment earnings from July 1 1989,

unless technical problems caused a delay. The Finance Ministry official said neither a significant flow of Austrian capital to West Germany nor a big difference in interest rates between the countries was expected to result from Bonn's

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300 330 360

STC (*322)

28 8 10 17 20 22 - 38 38

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Czechoslovakia to raise \$200m via 10-year loan

By Stephen Fidler, Euromarkets Correspondent

CZECHOSLOVAKIA is raising \$200m in the international loans markets through a group of banks led by Deutsche Bank Luxembourg and the Bank of Tokyo International.

The mandate for the 10-year loan has been awaited by bankers for some time and the terms of the deal indicate, as expected, a slight firming of loan margins in favour of the banks. However, the country is rais-

ing more than in a similar financing last year, also led by Deutsche Bank Luxembourg.
The new loan, being raised by the usual Czech interna-

tional borrower, Ceskosolvenska Obchodni Banka, has a maturity of 10 years, with a grace period before principal payments are due of six years. It carries a margin above LonA percentage point for the first four years, rising to % point for the remainder. A commitment fee of 10 basis

don interbank offered rates of

points (0.1 point) is payable for undrawn amounts during the six month drawdown period and front-end fees range between 17.5 and 40 basis points.

Last June, the borrower raised \$150m over 10 years with a 6% year grace period and a margin rising from % point for three years to i for the remainder.

• The Finnish Paper Mills' Association has set up a \$150m Eurocommercial paper pro-gramme, arranged by Union Bank of Finland, with Swiss Bank Corporation and Citicorp Investment Bank also acting as

LONDON MARKET STATISTICS

These indices are the joint compilation of the Financial Times. the Institute of Actuaries and the Faculty of Actuaries Fri Apr 21 Year ago (approx) Tue Apr 25 Mon Apr 24 **EQUITY GROUPS** Wednesday April 26 1989 & SUB-SECTIONS Est. P/E Ratio (Net) Figures in parentheses show number of Day's Change % stocks per section 9.88 730.86 723.16 723.19 759.78 9.68 1168.33 1153.70 1151.46 1919.02 25.93 1678.23 1668.18 1662.38 1590.97 25.91 2738.47 2725.50 2784.48 2012.15 1 CAPITAL GOODS (207) ... 943.00 +1.3 +1.8 +1.6 +0.7 10.65 4.09 Building Materials (29).......... Contracting, Construction (38). 11.84 12.83 10.31 Electricals (10) .. 2757.91 8.59 8.86 10.33 14.32 11.81 9.30 8.98 9.91 9.75 8.56 6.27 9.38 11.18 11.78 11.18 14.29 14.62 11.88 7.90 9.89 12.83 0.00 534.87 533.41 245.42 215.84 217.82 2091.51 2093.97 1547.81 6.73 498.59 494.02 495.23 339.97 5.78 306.75 335.34 336.66 275.78 21.63 1551.96 1550.01 1551.01 1258.42 2143.60 505.52 Metais and Metai Forming (7) . 536.00 9 Motors (17) 10 Other Industrial Materials (22)... 12.83 21.63 1551.96 1550.01 1551.01 1258.42 13.97 8.00 1182.08 1179.11 1177.15 1876.57 12.77 9.88 1285.18 1286.41 1284.81 1101.51 12.92 11.32 1018.79 1018.64 1020.42 979.41 15.36 14.57 2138.89 2131.35 2094.86 2880.97 18.24 9.00 2270.91 2272.83 2278.34 1787.89 16.36 44.64 1576.18 1573.96 1572.06 1280.99 12.03 6.99 565.16 563.48 562.48 487.18 13.48 32.54 3477.86 3466.81 3471.28 3297.07 11.71 1.83 770.72 762.68 3471.28 3297.07 11.71 1.83 770.72 762.68 768.70 840.62 16.30 0.60 524.03 521.85 520.21 620.72 12.01 8.71 1054.26 1050.41 1049.39 867.39 15.38 13.24 1263.05 1254.27 1245.69 1137.32 10.84 21 34 1202.73 1058 1194.27 1081.5 1081.57 2 1569.96 CONSUMER GROUP (185)..... Brewers and Distiflers (22) 1194,41 1303.91 Food Manufacturing (20). 26 Food Retalling (15) 27 Health and Household (14) 2186.14 2278.44 3.29 2.56 3.41 4.26 4.60 4.54 5.37 4.19 2.67 4.85 4.51 3.61 4.26 4.89 29 Leisure (33) . 1586.96 31 Packaging & Paper (15)..... 32 Publishing & Printing (18). 570.25 3509.52 780.77 34 Stores (33) 528.28 1277.24 +1.1 +1.1 +1.9 +0.8 +1.6 10.84 11.67 15.66 12.22 10.54 21.34 1202.73 1195.81 1194.25 1001.57 5.17 1522.41 1515.03 1505.70 1160.92 20.16 2368.12 2360.26 2356.86 1885.57 1216.08 1550.92 2387.49 11.87 9.99 8.29 45|Transport (13) 19.64 10.79 0.08 1086.86 1685.33 1689.00 949.71 21.21 1439.82 1435.93 1436.66 1124.59 1103.73 1446.17 48] Miscellaneous (28) +6.4 9.78 3.93 12.64 9.08 1101.17 1996.27 1095.18 947.01 9.91 5.53 12.96 41.32 2808.48 2085.01 2080.14 1849.67 49 INDUSTRIAL GROUP (487) 1113.98 +1.2 51 Oil & Gas (13)... 2009.26 +1.0 7.80 4.14 12.68 11.69 1177.95 1173.13 1171.74 1023.13 1189.92 - 13.69 177.75 1173.33 1177.74 1023.13 - 13.90 729.70 724.06 724.79 686.85 5.35 28.35 719.49 708.15 709.12 618.96 - 29.35 1239.53 1238.07 1043.35 978.30 - 13.65 583.57 578.32 578.35 537.76 15.06 26.01 950.39 932.45 931.72 905.54 - 3.63 331.66 332.14 332.14 344.79 21.56 4.54 1292.11 1291.42 1291.14 1155.97 12.53 4.03 360.77 367.43 367.32 392.32 +9.5 +0.9 5.26 6.58 5.74 24.53 62| Banks (8) . 1039.65 -0.3 -0.1 5.93 6.64 4.52 2.77 5.67 581.78 949.74 331.52 8.86 -8! Merchant Banks (11). 5.88 19.84 21.56 12.53 +0.9 +0.3 1303.41 370.06 70 Other Financial (30) 7.08 1108.93 1896.60 1896.93 872.65 10.45 628.59 637.59 646.29 468.55 15.93 1383.64 1372.02 1364.82 1849.67 71 Investment Trusts (73) 81 Mining Finance (2) 91 Overseas Traders (8) +0.6 +2.5 -8.99 9,57 2.84 3.95 5.00 1389.97 +0.5 99 ALL-SHARE INDEX (706).. 1078.39 +9.9 4.27 12.05 1068.33 1063.66 1063.01 929.14 | Index | Day's | Day's | Day's | Asr | Apr | Ap

	FIXED INTEREST				AVERAGE GROSS REDEMPTION YIELDS		Wed Apr 26	Tue Apr 25	Year ago (approx.		
	PRICE INDICES	Wed Apr 26	Day's change %	Tue Apr 25	xd adj. today	xd adj. 1989 to date		British Government Low 5 years Coupons 15 years	9.77 9.21	9.86 9.30	8.78 9.15
1		117.90	_	117.53	-	3.93	4 5	25 years	9.05 10.69 9.66 9.23	9.10 10.81 9.75 9.29	9.04 9.22 9.37 9.22
3	Over 15 years		+0.70	132.29 143.90	-	4.48 5.33	7 8	High 5 years	10.81 9.90 9.43	10.92 9.97 9.48	9.30 9.52 9.27
		166.93 130.93	+0.22 +0.51	166.57 130.27	-	6_10 4.47	_	Irredeensables	9.07	9.08	9.00
6	5 years	132.69 132.21	_	132.53 131.94	-	1.36 1.28	12 13	inflation rate 5% Syrs Inflation rate 5% Over 5 yrs Inflation rate 10% 5 yrs	3.77 3.63 2.82	3.81 3.64 2.85	2.35 3.75 1.39
-	All stacks	132.12	+0.21	131.85	-	1.27	15	Inflation rate 10% Over 5 yrs. Debs & 5 years	3.45 11.88	3.47 11.88	3.58 10.73
	Debentares & Loans Preference	_		114.52 88.54	<u>-</u>	3.29 2.01	17	Loans 15 years 25 years	11.33	11.33	10.53 10.53
**Opening Index 2072.6; 10 am 2080.0; 11 am 2082.2; Noon 2101.6; 1 pm 2096.0; 2 pm 2095.6; 3 pm 2090.5; 4 pm 2093.0; 4.05 pm 2093.0 al. 12.01pm (tb. 9.01am t Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday Issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1.9HL, price 15p, by post 34p. ONSTITUENT CHANGE: MB Group (31) has been deleted. The restructured group has been Inserted into group (43).											

Rises 104 12 580 243 18 18 44 59 British Funds Corporations, Dominion and Foreign Bonds Industrials Financial and Properties Market yesterday waited on the UK overseas trade figures for March and the level of acceptances of the Minorco bid for Consolidated Gold Fields. 32 785 341 50 11 96 129 209 74 29 0 41 71 showed a strong recovery from levels seen earlier in the week, though a total of 42,072 contracts, made up of 32,139 calls and 9,933 1,448 Totals puts, was not unusual by the standards of recent months.

In the end, it was Sainsbury, rarely handled in options dealings, which stole the show Sainsbury appeared to react to general developments in the stores sector, including the bid for Gateway and the idea that the retail sector might stand up relatively well to any inflationary pressures that puts, was not unusual by the stan-LONDON RECENT ISSUES 施 bl 5 34 32 116 W 146 10.45 16 20 425 **5**7 6500 38 48 12340 108 271 377 44 -10 1250 6733 395 22 27 185 24 5.0 85 -65 147 - 0.4 147 - 0.4 147 - 1.4 14 12.5 15.25 15.25 12.9 28/4 034: 13.6 W. 12.0 042 18 58 113 M.S 19/4 31 31 23 F7.7 26 48 80 FIXED INTEREST STOCKS Closing Price £ Artou Pald op Low 107 110₀ 100 F.P. F.P. F.P. F.P. SZF F.S. S 107 112s 1014s 3ppn 1034s 1034s 7ppn 101s 1031s 100 201s 121s 304 3550 10129 1 Eng. 8. Inc. 1, 19. 83 pc. Cor. Pf. Centerrise Fin. 199 (sists Var. Call First. Scott., American 11 bpc. Do 2016 Cereanil Whittig: 100c De 2014 Existing 100c De 2014 Existing 100c De 100c De 100c Pf. De 100c Jamehra 17-pc. Pol 100c Large 100c 2012 Privide Anglia 123 pc. 19. 300 Do. 133 pc. 23. 4. 90 Do. 4. 27c in tener - 1 intel 2024 Sidaw Grp. 3. 5g (Net) Co. Ch. Rej Pf. 1. Taylor Whostone 95-pc. 1st. Siday De 2011/16 Topic Whostone 95-pc. 1st. Siday De 2011/16 Topic States. 5/5 RIGHTS OFFERS kssue Price p Price + or Paid up Resence Date Anglo Irish Basik
Audio Fidellity 109
Boar Brand
Floopan Good Miles 10p
Flooray Petrolesen & Mat. Res. Irish
Elesses (J. A.) 59
Elis Group
McLaughlin & Harvey
Western Motor 10pm 25pm 25pm 8pm 8pm 165pm 38pm 44pm 79pm 6½ pm 16pm 1½ pm 7pm ½ pm 21pm 47pm 38pm 62pm 63 pm +1g 25 pm 15 pm 7 pm -11 22 pm +2 43 pm -1 172 30 - 10 8 272 35 50 272 35 50

a Annualised dividend is Figure based on prospectus extinguent of Dividend rate paid or populate on part of capital, were based on dividend on full capital of Assumed dividend and yield. Dividend and yield exclude special payment, a receive, or estimated assumative divident rate, cover based on province year's carnings. L. Estimated companies of middod, cover and the based on a black assumate samples. M Dividend and yield based on Prospecture or other official estimates for 1988 A Dividend and yield based on prospectus or other official estimates. We Propose years assumative divident cover and pile ratio based on prospectus or other official estimates. We Propose years because by basing A Officerd to individe you do not represent the proposed of the propos TRADITIONAL OPTIONS Resources, Tusker, Spong, Fer East Resources, Vista, Tyndail First Dealings

May 12 Jul 27

Bula

see end of

Dukeminster, Monarch resource Amersham, Business Technolo Atlantic Resources, Control Sec

rities, Western Motor, Coalite, Gaelic Resources and Stanley Miller. PAC in Rex Williams.

Last Dealings Last Declarations

For settlement For rate indications

London Share Service

Cells in Parkdale, Resources, Aviva, South

might develop in the UK. Overall business in Sainsbury THE LONDON Traded Options

والمناها فالمتال والمناز الأفار المنادات المناهدات

amounted to 2,585 contracts. amounted to 2,585 contracts, worth 1,000 shares aplace, as the underlying share price in the stock rose 3p on balance to 240p. Options business in the stock comprised 1,385 call contracts Overall market business. and 1,200 puts.

There was heavy opening of positions on both the call and put sides of the Sainsbury dealing. A feature was that the October 240 calls and the July 240 and October 240 puts all altracted exactly 600 contracts arch with all of

600 contracts each, with all of them representing opening of

THE SECTION AND SECTION SECTIO

26 42 80 1 26 41 60 5 8 22 37 17

ings was that open call interest in Sainsbury rose by 1,058 contracts to 2,766, and the put by 1,173 to

1.437. ndex saw a little more than 30 per cent of overall volume, amounting to 14,851 contracts, consisting of 10,610 calls and 4,241 puts. The june 2,200 calls attracted 1,621 contracts and the April 2100 calls some 3,308, effectively all opening of interest, and the April 2,050 calls 1,373, about half closing. The most heavily traded series was the April 2100, which found business of 2,907 contracts, but hardly a shift in

open position.

British Telecom, GEC, Lasmo and Racal eli attracted over 1,000

deel-	contracts.				
Oct Jan	Cylina	May	Aug Ne	r May Asy	Her
9ct Jan 5 6 12 15 24 26	Scot. & Hear 2 (*290*) 3	80 16 00 57 ₂ 30 2	26 30 17 26 8 14	PUT: 1 Nay Aug 1 4 11 15 22 44 48	14 26 48
9 12 19 22 34 -	Tesco 1 (*174) 1	30 2 40 35 60 15 80 24 Way	41 40 22 21 10 11	1 1 1 3 9 10	3 5 13
6 9 14 20 28 36	Vani Reefs (*\$82.)	70 14 80 5 90 1½ Jun 20 10 30 5½ 40 3	41 40 22 27 10 11 5cp Re 17 20 75 11 4 6 5cp Re 16 20 11 16 8 11	1 1 2 3 3 9 10 10 10 10 10 10 10 10 10 10 10 10 10	3 7 11 Bec 12 16 23
	Option	20 to	Sep Be	Jes Sep	Bec.
10 12 24 26 58 - 7 10 24 28 58 -	Amstrad 3 (*121.) 3	20 10 30 5½ 40 3	11 14 8 11	12 15	16 23
7 10 24 28 58 -	Barclays 3 C444) 4	90 65 20 38 60 12	77 - 50 60 25 35	I 3 4 9 20 28	10 30
14 14 - 20 25 36 36	. Blue Circle 4 (*529) 5	60 78 00 46 50 16	94 74 62 74 33 44	3 6 9 16 32 40	19 42
Aug Her	British Gas 1 (*180) 1	60 23½ 80 7½	261 ₂ 281 ₂ 101 ₂ 15 31 ₄ 7	5 10 21 23	35: 11 24
7 14 20 31 45 55	. Diams 1 (*149.) 1	00 14 30 24	34. 7 28	21 23 21 ₂ 51 ₂	24
6 8 2 15 2 2	("149) 1 1	30 24 40 16 50 7½	28 21 27 12 18	21 ₂ 51 ₂ 51 ₂ 9 16 20	12 22
6 8 13 15 26 27 9 15 28 34 65 67	Gizno 13 (*1368) 13 14	00 109 90 75 00 46	162 185 127 152 97 120	15 28 30 47 57 70	38 56 80
65 67 3 8	Hanker Sidd. 6 (1680) 6	00 87 50 47 00 17	105 115 72 82 47 57	8 18 25 32 50 57	19 39 63
7 143 35 6 8 15 26 5 67 8 15 26 5 67 8 15 26 5 67 8 15 26 5 67 8 16 22 30 3 16 22 25 7 19 21	州(Padowa 2 (*265) 2	40 29 60 13 80 4½	36 25 36 25 33 35		11 23
9 10 20 21	Lostrho 2 (*284) 2	57 34 83 16 09 7 20 47 60 18	44 55 27 37 14 24	41, 9 14 19 33 36	13
2 ¹ 2 - 7 9 19 21	Midbed Rb 4	9 7	14 28	33 36	45
6 11	Midland Bk 4 (*464) 4	60 18	57 70 29 43	15 25	. 27
6 11 20 24 44 48	R. Royer 1 (*188) 1 2	60 31 80 15 90 44	57 70 29 43 38 40 24 27 11 7 16	3 10 15 25 1 21 ₂ 4 7 15 16	13 24 45 11 27 4 9
6 9 12 16 25 29	Sees 1 (*123) 1	10 14 20 6 30 24 60 33 80 17 7	17 20 11 13 h 6 h 9 h 41 50 26 36 16 h 24	11 ₂ 3 54 ₃ 7	4 9 15
1½ - 4½ 6½ 4½ 16½	THF 2 (7287) 2	60 33 90 17½ 90 8 3	41 50 26 36 16½ 24	2 4% 7 11 18 21	7 13½ 23
8 14 25 28 43 47	(*673) 7:	90 45 90 14 90 4	50 67 25 40 11 20	11 21 37 49 84 94	25 54 99
7 - 19 25 · 47 50	(208) 1 (208) 1	00 12 10 5 20 15	14 17 7 11 5½ 6½	2 3 5 7 13 14	
5 7 12 14 . 23 24 .	Wellcome 4 (*496) 5	50 50 00 25 50 6	67 80 42 56	7 14 23 30 58 -	
5 7 12 14 23 24	2	50 6		- 38 →	-
4½ 6 9½ 10 21 22 1½ - 3 6 12 15	Apr No. 1850 246 26	5 278		May 44	M
115 -	1900 188 2 1950 148 1	5 236 9 185	248 ½ 204 ½	3 5 4 8 7 12	9 17
12 15	2000 98 12 2050 49 70 2100 81 49	3 142 104	163 5 123 1	3 5 4 8 7 12 11 17 21 31 41 50	9 17 27 28 57 85 127
44 60 22 22 16 5 6 15 7 18 11 25 48	1950 246 21 1900 188 21 1950 148 10 2000 98 12 2050 49 7 2150 8½ 40 2150 1 2 2200 ½ 1 April 26 Total O	5 278 5 230 9 185 13 142 9 104 8 74 7 46 3 30	EX (* 201 Jul Apr 248 ½ 204 ½ 163 ½ 123 1 91 13 63 58 44 100 12,072	70 78 11 301 1	85 117
6 25 16 25 12 48	April 26 Total () Calls 32,139 Por FT-SE Index Post	entracts 4 5 9,953 5 10410	2,072 244 274	, :	
2 48	Calls 32,139 Per FT-SE Index Call *Underlying sesse *Underlying sesse	ity price.	res 464)		



FT-SE 100 SHARE INDEX4

UK COMPANY NEWS

Referral was odds-on favourite in the Merger Stakes

Lisa Wood looks at the past relationship between the betting industry and the Office of Fair Trading

Grand Metropolitan's £331m acquisition of William Hill, the bookmaker, should not have come as a surprise to the

British off-track betting has long been a source of fascina-tion for the Office of Fair Trading, the body which made the recommendation to Lord Young, the trade and industry secretary, that the merger of William Hill and GrandMet's

UK BETTING STAKES

<u>. i</u>	1981-1988					
	Off-track	On-track	Total			
	Cm	Cns.	Cm			
1981	3,094	350	107			
1982	3,045	329	96			
1983	3,185	362	87			
1984	3,184	343	85			
1985	3,432	375	87			
1986	3,706	405	94			
1987	4,053	453	105			
1988	5,125	7/2	n/a			
	Source, HM	Customs and	Excise			

Mecca Bookmakers be investi-

Just over two years ago the OFT mounted its own investigation into the off-course betting industry with a view to finding out whether or not a complex monopoly existed in the industry among the four major players — at that time Ladbroke, William Hill, Mecca and Coral. Together these companies compan

UESDAY'S REFERRAL to the Monopolies and Mergers Commission of Metropolitan's £331m distition of William Hill, the kmaker, should not have as a surprise to the 1stry. Titish off-track betting has prevent or restrict competition. prevent or restrict competition.

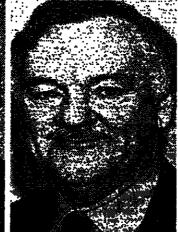
The MMC, which recently published a report advocating radical reform of the UK brewing industry, had decided before making its recommendations that such a monopoly existed in the vertically-integrated brewing industry where brewers own their own outlets.

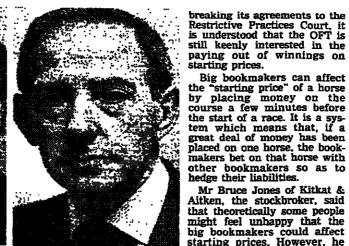
Of particular interest to the

Of particular interest to the OFT in its 1987 investigation of OFT in its 1987 investigation of the betting industry were: the new Satellite Information Sys-tem which was being installed in bookmakers' shops, owner-ship of greyhound racing stadi-ums; continuing allegations of bookmakers making private deals between each other to keep off each other's patches; and the system in betting shops of naving out on starting shops of paying out on starting prices regardless of the odds at the time the punter placed his

A year earlier the industry had been asked by the Restricpanies commanded about two-support in opposing applica-







Gordon Borrie (left), Director General of the Office of Fair Trading, Alan Sheppard, the chairman of GrandMet, and Cyril Stein, his counterpart at Ladbroke

tions to licensing magistrates when newcomers sought to

open outlets.
The OFT investigation was a fairly wide-ranging affair. Its team visited bookmakers' offices and race-tracks and collected information from punt-

However, in January 1988, Sir Gordon Borrie, director general of the OFT, took the unusual step of announcing that he was not going to make a referral to the MMC of the

largest four companies in the industry on monopoly grounds. In a very carefully worded statement the OFT said: "The director general is not satisfied that in the context of the big

that in the context of the big four's betting operations there is sufficient evidence to justify a complex monopoly reference to the MMC."

"Fortuitous," was how one industry observer described the William Hill and Mecca merger - and its subsequent referral to the commission.

For, in the course of looking at this individual merger, which would create a chain of some 1,701 shops, about 16.5 per cent of the UK off-track betting outlets (market leader Ladbroke has 1,716), the MMC may well throw up fresh information to strengthen the OFT's hand if and when it should want to re-investigate the industry.

And while there has been no suggestion that the industry is

Tuskar oil find breaking its agreements to the Restrictive Practices Court, it is understood that the OFT is still keenly interested in the a huge reservoir for a small explorer.

paying out of winnings on starting prices.

other bookmakers so as to hedge their liabilities.

Mr Bruce Jones of Kitkat &

Aitken, the stockbroker, said

big bookmakers could affect starting prices. However, he added: "In practice it would be

unfair to prevent bookmakers from laying off bets."

will make any significent com-ment on this issue – and open it up for fresh investigation by

the OFT - will be revealed when the commission makes

its report on William Hill and

Mecca in August.
However, Mr Bob Green,
chairman and managing director of William Hill/Mecca said:

"I do not understand why all these issues are being raised again. We went through it all, chapter and verse, when the OFT visited us before."

Whether or not the MMC

TUSKAR RESOURCES, the USM-quoted oil exploration company, yesterday said that it had raised interim bank financing for evaluation of a large oil find in Colombia and would not have to make a further call on shareholders' funds.

Interim finance for

Mr Neil O'Donoghue, the chairman, also suggested in a letter to shareholders that development of the field might also be feasible without a rights issue. However, he warned that shareholders should exercise caution until evalutation of the reservoir was complete because of the potentially dramatic effect of the discovery on the small

company.

Tuskar recently completed another appraisal well on the reservior in the southern

Llanos Basin in Colombia, which resulted in increasing estimates of recoverable reserves at the field from 100m barrels to 250m barrels. This is

The test well flowed at a rate of 900 barrels of oil a day. The oil is relatively heavy, at 14 to 15 degrees API, but high reser-

voir temperatures and porosi-ties mean that there would be few production problems, according to the company. High viscosity would normally make production of this type of oil difficult.
Tuskar estimates that cap.

tal and operating costs of the field would be less than \$2 a barrel, which with transpora-tion and royalty expenses included, would mean a break-even cost of \$6.25 a bar-

Tuskar has direct and indirect interests in the field amounting to 86.4 per cent, although Ecopetrol, the Colombian state oil compriny, has rights which could reduce Tuskar's interests to 34.6 per

Blue Arrow loan statement

Blue Arrow, the embattled employment agency, is plan-ning to despatch a circular to shareholders about its controversial \$25m loan by the mid-

dle of May.

The interest-free loan was made to a company controlled

by Mr Peter de Savary, the international yachtsman in December. The proceeds were intended to help finance the joint sponsorship with Mr de Savary of a British challenge for the America's Cup yacht

Financial Times FACTMASTER

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Tokyo Pacific Holdings N.V. Tokyo Pacific Holdings (Seaboard) N.V.

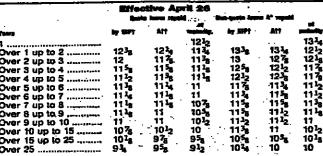
The Annual Report as of 31st December 1988 has been published and may be obtained from:

Pierson, Heldring & Pierson NV. Herengracht 214, 1016 BS Amsterdam National Westminster Bank PLC

3rd Floor 20 Old Broad Street Landon EC2N IEJ N.M. Rothschild & Sons Limi New Count, Sc. Swithen's Long, London EC4P4DU

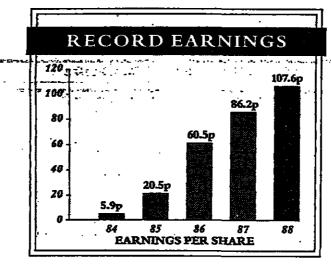
Royal Exchange Building 56 Pet Street, Sydney N.S.W. 2000 As shown in the Report the net asset value per share appreciated in

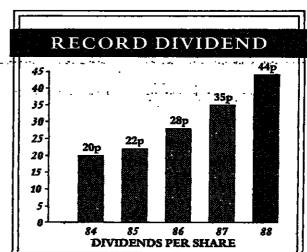
PUBLIC WORKS LOAN BOARD RATES



annuly (lixed equal half-yearly payments to interest). § With half-yearly payments of interest

General Accident





It is a pleasure to be able to report, for the third consecutive year, record profits for the Corporation. The figures, which have benefited importantly from an excellent underwriting performance in the United Kingdom, include the results of NZI Corporation for the five months to 31st December 1988. Notwithstanding the difficulties experienced in the NZI banking business, which are being addressed, your Board believes that this acquisition provides a strong base on which to develop our interests in a region offering excellent prospects of economic growth.

1988	1987
2,554	2,169
354	299
(32.8)	(98.3
14.0	11.5
(16.9)	
7.6	4-1
290.3	204.4
214.5	161.2
	2,554 354 (32.8) 14.0 (16.9) 7.6 290.3

Further improvement in our results may be more disficult to achieve in the current year but I believe that the Corporation remains well-placed to meet the challenges and opportunities ahead.

FROM THE 1988 ANNUAL STATEMENT BY THE CHAIRMAN, THE RT. HON. THE EARL OF AIRLIE, RT GCVO PC.



TN SPITE OF the record results which have been achieved, the signs of increasing competition persisted throughout the period. Substantially improved underwriting margins are now encouraging less discriminate use of capacity, with a more relaxed attitude towards the application of proper terms and conditions in some areas of business.

UNITED KINGDOM

The last three years have been dedicated to the application of a disciplined and responsible approach to underwriting. A substantial increase in underwriting profitability demonstrates the success achieved and our rating structures are now geared to maintain this firm underlying trend.

UNITED STATES

The operating ratio of 104.6 remains better than the estimated industry ratio of 105-3, but with a clear indication of a softening market it would be difficult to anticipate other than some decline in 1989.

The structure of our representation in Europe is being reviewed ahead of the completion of the Single European Market.

CANADA

Adverse experience in personal automobile business and further strengthening of loss reserves largely account for the deterioration in the underwriting result, but an improved trading result was achieved.

PACIFIC BASIN

The merger of the General Accident and large NZI insurance businesses provides us with a significantly stronger presence in Australia and New Zealand, whilst securing a valuable platform for development in important emerging Asian markets,

LIFE

An excellent level of premium growth derived particularly from mortgage related contracts and we look forward to building on this success in 1989.

PROPERTY SERVICES

We anticipate continuing growth in our estate agency operation, both in the provision of property services and in the already substantial volume of new business which these services are generating for our life assurance operations.

OUTLOOK

The underwriting standards and disciplines which have applied in the market over the last three years and which have led to the record profits now being reported, can be seen to be under considerable pressure as these results provide an increasing incentive to expand portfolios. It follows that further profit progress will be difficult to achieve in 1989, but the Corporation's insurance organisations worldwide are solidly based and well placed to meet whatever problems may emerge in their disparate markets.

FROM THE OPERATIONAL REVIEW OF 1988 BY MR BUCHAN MARSHALL, CHIEF EXECUTIVE

You can receive a returning the cou	copy of our 19 pon to the add	188 Annual R Iress below	ерог
NAME			
ADDRESS			
To: The Secretary and Life Assuran World Headquar Perth, Scotland I	ce Corporation ers, Pitheavlis	n plc., 🦸 🐃	>\ 300

Increase based on absence of Third World provisions and strong growth in assets

Bank of Scotland climbs 36% to £178.5m

By David Lascelles, Banking Editor

LAST YEAR'S boom in the banking business helped the Bank of Scotland to a 36 per cent increase in pre-tax profits in the year ending February 28. The taxable advance from £131.3m to £178.5m was achieved on the back of a

strong 28 per cent growth in assets to 214 lbn, mainly in mortgages and management buy-out finance, and was broadly in line with expectations. The shares gained 1p to

95p. However the profit comparison with the previous year was distorted by the large excep-tional charge of £25.3m which the Edinburgh-based institution made in 1987 to cover pos-sible losses on Third World loans. Leaving this aside, Bank of Scotland said the underlying profit growth was in the order of 15 per cent.

Earnings per share were 13.8p, up from 10.9p. The bulk of the profits came from the clearing bank which earned \$128.6m (\$92.3m). Mr Bruce Pattullo, chief executive, said that contrary to some banking comments, the Bank of Scot-

Jessups 7%

£1.1m midway

Jessups, the Essex-based Vauxhall-Opel motor dealer, raised its profits by 7 per cent

to £1.1m for the half year

ended February 28. Turnover rose from £40.28m to £42.79m.

The directors said the results compared favourably with last time's £1.02m despite

a less buoyant retail climate

brought about by the Chancel

lor's measures to dampen con-

sumer spending.

They pointed out that the

measures were having the

intended effect and that the

dealerships were experiencing a lower volume of sales on

Basic earnings emerged at 7.76p (7.89p) and the interim dividend is being lifted by 0.25p to 2.25p per 25p share.

both new and used vehicles.

higher at

land did not see an erosion in its lending margins. While the mortgage book had suffered from the recent rise in interest rates, he expected to recoup this when rates started going

Management buy-outs, the other major area of asset growth, was both a good source of lending business and an effective way of acquiring new clients. Mr Pattulio said his bank had financed 600 buy-outs. He was unable to put a total value on them, but he stressed that they represented a prudent activity and were not comparable to the highly leveraged deals prevalent in

Fee income increased by 19 per cent, helped by bank charges. But the bank warned that the shift to interest-bearing current accounts would affect both fee earnings and net interest income.

Mr Pattullo said the Bank of Scotland's home banking service, HOBS, continued to show encouraging growth, mainly in the corporate rather than per-sonal market. But he declined

BURNS-ANDERSON, the

financial and recruitment ser-

vices company, has taken a stride forward in the establish-

ment of a nationwide network of independent financial advis-

ers operating under its umbrella with the purchase of

Burns-Anderson said yester-day the enlarged network

THE CONVERSION of the

unlisted "A" shares in Reuters Holdings is to take place today

after the company won

approval for its share restruct-uring plans at yesterday's

extraordinary general meeting. Accordingly, the "A" shares

Yule Catto & Coplc

Another highly satisfactory year

Uninterrupted growth in earnings over past eight years.

Outlook remains positive. Overall improvement in results

1988

000°3

202,059

17,834

11.7p

Speciality Chemicals \star Building Products \star Agriculture & Land

98.8

1987

£,000

150,113

10.2p

3.0p

49p

14,046

Increase

%

27

27

91% of earnings from industrial activities and 71%

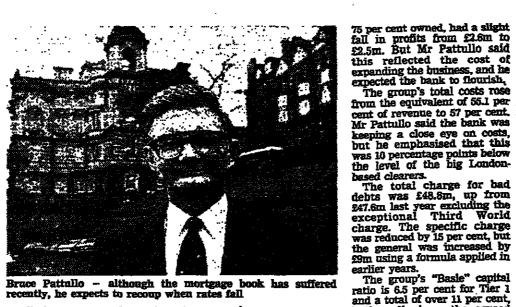
Strategic penetration into Europe continues with

acquisitions of Kimmenade by, and Jet

Reuters share conversion

By Clare Pearson

Westcourt Group.



Bruce Pattallo — although the mortgage book has suffered recently, he expects to recoup when rates fall

to disclose any numbers. He

said HOBS was "a useful con-tributor to profits".

Among the group's subsid-iaries, NWS Bank, the finance house, raised profits from £27.1m to £32m, helped by a

would operate from about 100

locations. It is expected to

bring in fee income of £12m in

the twelve months to May 1990,

rising to £27m in 1990-91. Membership is expected to stand at 300 firms by March 1991.

The company said demand for network membership had never been stronger. The

scheme, where members retain

will become "B" shares, which

carry one vote per share. Under the terms of the plan

some new "B" shares will be placed and some held until at

least September 30, the earliest

date they can be sold under an

orderly marketing agreement.

decline in bad debts. The British Linen Bank, the merchant banking arm, earned £13.3m (£8.6m), including a £3m gain from the surrender of a prop-

control of their own firms but

process all new business through the network, was orig-

inally launched in February

Earlier this month, Burns-

Anderson announced it was

adding to its employment agency side with the £800,000

cash purchase of Headway Per-

Diploma to acquire

Diploma has agreed to acquire,

subject to holders approval, the outstanding 10 per cent minority interest in Macro Marketing Holdings, the holding company of Macro Marketing and Anzac Components which are electronic components distributed.

tronic components distribu-

The consideration is £3.57m

Pre-tax profits for the year to

September 30 1988 attributable

to the shares acquired was £574,000 and the book value of

the relevant minority interest at that date was £3.25m.

PROPERTY

INVESTMENT &

FINANCE

The Financial Times proposes to publish this

survey on:

6th July 1989

For a full editorial synopsis and advertisement

details, please contact:

Joanna Dawson

on 01-873 3269

or write to her at:

Number One Southwark Bridge

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FINANCIAL TIMES

Macro Marketing

stock last year.

See Lex

and a total of over the agreed both well above the agreed minimum. These were helped by a £100m issue of non-cumu-lative irredeemable preference

cent of revenue to 57 per cent. Mr Pattullo said the bank was

Mr Fatthing said the beam was, but he emphasised that this was 10 percentage points below the level of the hig London-

Burns-Anderson buying again

Chambers & Fargus returned

CEI pays over £2m for STC relay side

Cambridge Electronic Industries, the component and instrumentation group, has acquired the relay division of STC for between £2m and £2.25m cash. The relay division will be merged into PED, CET's subsidiary, and the acquisition is part of the group's restruct-

Bid approach for Chambers & Fargus

intention to offer 150p a share. Following the announcement of the possible offer the com-pany's shares rose sharply to close at 147p - up 33p on the

a slightly altered pre-tax profit of £335,000 for the six months to December 31 last year fol-lowing a 17 per cent increase in turnover to £9.48m.

Chambers & Fargus, the seed crusher and edible oil refiner, has received a firm takeover approach which would value the company at £7.2m.

The directors said that they have been informed of an intention to effect 1500 a chamber of the company at £7.2m.

retain the rights to the idea and seek royalties if it is used by others. Mango was the original cod-ename for the project which Borthwicks hoped would crown its recovery from the burden of massive borrowings in the late 1970s. But unexpected delays in the

development of the product have cost the onetime meat trader £2.09m already and a further £359,000 will be written off in the 1989 accounts. The group has already warned of unsatisfactory inter-

Borthwicks

meat project

Borthwicks has abandoned

Operation Mango, the pro-cessed meat project which has cost the foods group nearly £2.5m since it was offered exclusive rights to the idea in

Although many of Borth-wicks' meat products and fiz-yours eventually reach British

better-known competitors.
Mr Peter Brackenridge,
finance director, said yesterday: "Test marketing went

well in so far as people seemed to like the product, but they

found it too expensive. Con-ceptually, it was probably a winner, but we could not pro-

duce it at a price which gave

us good margins."
The two inventors of the

process will be allowed to exploit the technology else-where, but Borthwicks will

abandons

processed

By Andrew Hill

The abandonment of Mango is the first move by Mr Cornel Riklin, Borthwick's new chief executive, who was appointed to build on the work of com-pany doctors Mr Lewis Robertson and Mr Dennis Carey...

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indicatons are not assistable as to whether the dividends are interims or dominand the excludedox above below are based metrly on last year's timetables. TODAY

Hanson sells Shaw to management and Finns for £24.7m

MANAGEMENT OF Elizabeth Shaw, the chocolate and sugar confectionery group, is team-ing up with Finnish group, Huhtsmaki, to buy the Bristolbased business from Hanson, the large UK conglomerate. The purchase price is £24.7m

The group said the cost of advertising the product — which is made by compressing lower quality beef and pork cuts into boneless joints and steaks without using artificial additives — would have been This is the latest in a series of asset disposals by Hanson, a number of which have involved the conglomerate's food sector interests. Over the past year, it has sold Ross Young's, the frozen and chilled food comments according to part stomachs, only a small propor-tion are sold under the the company's own name, making marketing difficult.

In addition, Borthwicks' beef roasts and pork steaks — also known as "muscle meats" — were expensive than better-known competitors.

Young's, the frozen and callled food company acquired as part of Imperial Group; HP Foods and Lea and Perrins; and the US-based Hygrade Foods.

Like Ross Young's, Elizabeth Shaw became part of Hanson as a result of the group's takeover of Imperial Group in 1986. It had already been subject to

It had already been subject to an £8m management buy-out back in 1981 from the Cavenham group, before being acquired by imperial in 1985.

The current management buy-out, led by managing director Mr Geoff Matthews, is financed by £350,000 of equity. Of this, £250,000 is coming from the management, and Leaf. the management, and Leaf, which is the Amsterdam-based confectionary arm of Huhtamaki, is putting up the remaining £100,000. Leaf is also making a further, undisclosed

contribution to the financing package, which includes around £21m of debt funding. Huhtamaki itself has annual sales of around £600m, of which about half are in confectionery. These are weighted towards the States, where it is said to rank fifth. In terms of the world confectionery mar-ket, Leaf is put in 14th

Shaw, which says it approached the Finnish group with a view to Leaf becoming involved, says that there will be benefits both in terms of the development of Leaf's sales in the UK and of its own products overseas through Leaf's distri-

bution network.
In the UK, Leaf sells "Sportlife" sugar-free gum, "Hellss" bars, and "LO" low-caloric chocolate. Leaf adds that it plans to "evaluate the UK potential for a much wider range of chocolate and sugar confectionery in conjunction

with Shaw.

Shaw made pre-tx profits of \$1.85m in the year to end-September on sales of £31m, of which 10 per cent went in exports it takes in Elizabeth Shaw liqueur chocolate, mint crisps and liqueur chocolate truffes, as well as "Chewits" fruit chews and some sugar confectionery ranges.

Peter Black criticises Lambert management

By John Thornhill

PETER BLACK, the consumer goods manufacturer and distributor which is making a hostile bld for Lambert Howarth, has severely critic-ised the management of the

footware and luggage group.

In a letter accompanying the offer document, Mr Thomas Black and Mr Gordon Black, joint chairmen of Peter Black, wrote that Lambert Howarth's inconsistent profit record reflected the board's inadequate response to changes in the footwear industry. The letter highlighted "the

commercial misjudgements made at the time of the launch

of the Hitz footwear range; the disappointing performance of Custom Gases, the resignations of the chief executive and finance director; and a signifi-cant loss for 1988."

Peter Black pointed to its record in turning round New-bold & Burton, the footwear company it acquired in 1987, and suggested it could do the same for Lambert Howarth.

Peter Black said the combination of the two companies would enable them to imple-ment economies of scale, rationalise design and pre-production costs, focus marketing effort and reduce inventories.

DIVIDENDS ANNOUNCED

Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
- 2.55	June,18	205	- 3.8.	3.15
1.81	•		. 28	2.8
6.25	. • .	4.8	9.75	7.8
0.3	May19	0.4	· -	1.6
1.250	June 23	•	-	3
2.25	•	2 .		6.25
1.2	-	1.1	1.2	1,1
2.25t	July 5	· 1.75	2,25	1.75
1.45	July 7	3	7.24	4.6
1.5	Ξ	1.375*	2.375	2.25
0.4	-	0.22	0.575	0.33
1.65	June 9	1.5	-	5
	Payment 2.55 1.81 6.25 0.3 1.250 2.25 1.2 2.251 1.45 0.4	peyment payment - 2.55	Current Pate of ponding dividend 2.55 June 16 .205 1.81	Current Pate of ponding for payment payment dividend year - 2.55 June 18 .2.05 .38 .1.8 .2.8 .2.5 .4.8 .9.75 .3. May 19 .42.50 June 23 .2.25 .2.25 .1.1 1.2 .2.25† July 5 1.75 .2.25 1.45 July 7 3 7.24 .1.5 .1.375 .2.375 .0.4 .0.22 .0.575

Dividends shown pence per share not except where otherwise stated, *Equivalent after allowing for scrip issue. fOn capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. §Third market. AFor 15 months.

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* Besof on 1.467% for the 1st 17,000-00;0.55% on 6 9.5% on the next \$1 15,000-00 — per Mg-2ang Steel

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Financial highlights

Profit before taxation

Earnings per ordinary share

Dividends per ordinary share

Assets per ordinary share

Earnings per Ontinary Shan

Sales

Notice is hereby given that the Annual General Meeting of Share-holders of Tokyo Pacific Holdings N.V. has been called by the Manager, Intimis Management Company N.V. The Meeting will take place at John B. Gorslraweg 5. Willemstad, Curação, Netherlands Antilles on 19th May, 1989 at 10.30 a.m.

Willemstad, Curação, 27th April, 1989 Intimis Management Company N.V.

1016 BS Amsterdam

rEuropéenne de Banque 21 Rue Latfitte, Paris 9

Trinkaus & Burkhardt

Konigsallee 21-23 D 4000 Dusseldorf 1

Sal. Opponheim jr. & Cle. Unter Sachsenhausen 4 D 5000 Koln

Annual General Meeting of Shareho

any of the paying agents.

Pierson, Heldring & Pierson N.V. National Westminster Bank PLC cht 214

Stock Office Services 3rd Floor 20 Old Broad Street London EC2N 1EJ

(Luxembourg) S.A. 10a Boulevard Royal

GOLD & **PRECIOUS METALS**

The Financial Times proposes to publish this survey on:

26th June 1989 For a full editorial synopsis and advertisement details,

> Edward Macquisten on 01-873 3300 or write to him at:

Number One Southwark Bridge London SEI 9HL

FINANCIAL TIMES



Tokyo Pacific Holdings N.V.

Annual Genera; Meeting of Shareholders

The agends and the Annual report 1988 may be obtained from the

offices of the Company at John 3. Gorsraweg 6, Willemstad. Curação or from the Paying Agents monitioned hereunder. Shareholders will be admitted to the meeting on presentation of their certificates or of vouchers, which may be obtained on or before 12 th May, 1989 from any of the paying agents.

Pierson, Heldring & Pierson N.V. National Westminster Bank PLC Herengracht 214, Stock Office Services

Stock Office Services
3rd Floor, 20 Old Broad Street
London EC2N 1EJ

Tokyo Pacific Holdings (Seaboard) N.V.

Notice is hereby given that the Annual General Meeting of Share-holders of Tokyo Pacific Holdings (Seaboard) N.V. has been called by the Manager, Intimis Management Company N.V. The Meeting will take place at John B. Gorsraweg 6, Willemstad, Curação, Netherlands Antilles on 19 th May, 1989 at 10.00 a.m.

The agenda and the Annual report 1988 may be obtained from the offices of the Company at John B. Gorsiraweg 6, Willemstad, Curação or from the Paying Agents mentioned hereunder. Shareholders will be admitted to the meeting on presentation of their certificates or of vouchers, which may be obtained on or before 12th May, 1989 from each of the paying accepts.

Willemstad, Curação, 27th April, 1989 Intimis Management Company N.V.

3 Rue d'Antin, Parls 2 Banque Paribas Belgique S.A. Soulevard Emile Jacqmain 162 8 1000 Bruxelles Banque Parlbas

UK COMPANY NEWS

Boosted by Budget, company bucks trend in UK holiday market

Saga makes £2.73m in 15 months

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CHANGES AFFECTING old.
people's finances, announced
in the Chancellor's Budget
speech, appeared to be benefiting an otherwise depressed UK
market for holidays, Saga
Group the tour operator for Group, the tour operator for the elderly, said yesterday. Mr Roger De Haan, chair-man, said that even though most of the changes - allow-ing pensioners to earn more and widening the net for those

sind whosting the net for those eligible for supplementary pensions — would not take effect until next year, their announcement appeared to have provided a psychological He was speaking as Saga unveiled pre-tax profits of £2.73m for the 15 months to January 31.

This period, which took in the seasonally loss-making winter months, compared with \$4.31m for the 12 months in 1988 to October 31, which used to be Saga's year-end and £2.21m for the year to end-Oc-

Mr. De Haan said that in the initial two months of the current year, sales of holidays in both the UK and US had been depressed compared with 1988, possibly affected by plane disasters. The operation in Australia, however, had pushed sales ahead by 60 per cent

cent. On the non-holidays side, Saga announced a new development yesterday: a move into retirement homes. A chief executive for this new division, which is not expected to con-tribute for the first two years, has been appointed. In the financial services division, Saga has become a repre-sentative of Sun Life Assur-

ance Society instead of the TSB Trust Company. Mr de Haan said this was because Sun Life offered a range of products designed for old peo-Saga continued to publish

the magazine "Trust" on behalf TSB. of the company's headquarters.
The newer businesses of Earnings per share came out at of TSB.

Saga Group

100

1984 85 86 87 88 89

150

insurance and publishing are expected to make a "signifi-cant" first-time contribution to profits in the current year. Turnover was £113.81m (£99.52m, up from £85.3m, for the 12 months to end-October 1988). There was a £3.12m extraordinary item for the sale

10.83p, against 17.01p for the 12 months (6.74p). A final dividend of 1.45p is being paid, making 7.2p for the 15 month

• COMMENT

Saga continues to look like a highly well-run company: its tour operations are outper-forming a falling market, and its well-thought out diversifica-tions into financial services and publishing are apparently beginning to come good. Though it is hardly the first company to see the attractions of building retirement homes, at least Saga will be able to apply its considerable understanding of elderly people's needs and wants to the venture. However, the premium on the tightly-held shares would seem to have got rather ahead of itself recently. Assuming that pre-tax profits, helped by higher cash balances, reach £5.25m for the period to January 31 1990, the prospective p/e is a bit high at about 15.5.

BBA disposals in N America

By John Thornhill

BBA, the motor components, industrial materials and aviations service and parts group, has sold two North American companies involved in the manufacture of structural plastic mouldings to the automotive industry for up to £21.1m.

The companies, Butler Polymet and Butler Polymet Canada, were acquired last May through the purchase of the

WPP cash and share purchase

WPP Group, marketing services concern, has bought The Marketing Consultancy, a sales promotion company, for £1.94m in cash and shares. TMC made pre-tax profits of £483,000 on turnover of over £2m for the year to March 31. A final payment, based on the average after tax profits for the three years to December 1993, will be made in 1994 subject to a maximum consideration of £7.25m.

Gutherie Corporation for business operations. £221m.

The disposal to Rockwell International will assist the company's plan for "an orderly reduction" in gearing by cut-ting it-from 82 per cent to between 77 and 78 per cent.
Dr John White, BBA's group
managing director, said the
sale would further the group's
plans to concentrate on core

GREENALL WHITLEY," the

Warrington-based drinks and

The terms of the deal include an earn out pegged to perfor-mance over the next five years which could contribute £7.7m to the maximum settlement. The companies made a profit

before tax and interest of £2.6m in the year to December 31 and the book value of the businesses at the same date was £12.6m.

Greenall quits bingo and another that is being leased. It also owns a development site in Leeds.

hotel group, is to sell the UK bingo clubs which form part of its Stretton subsidiary. The In the year to September 29 1988, the bingo clubs operated company said the bingo through Stretton made a profit of £1.3m (before depreciation and head office costs) on turnoperations no longer formed a core part of Greenall Whitley's business and did not fit in with its long term over of £4.5m.

Stretton's fruit machine strategy. Stretton's fruit machine business will be retained by bingo clubs, one that is closed Greenall Whitley.

COMPANY NEWS IN BRIEF

AAH HOLDINGS has acquired Added Marketing for an initial cash payment of fAm plus a further sum related to future profits up to a maximum total consideration of £8m.

BRENT WALKER has purchased 500,000 of its own shares at 375p per share. This brings the cumulative purchases by the company to 3.784m ordinary. The company has also purchased 500,000 of its own cumulative convertible

redeemable preference shares bringing the cumulative total N BROWN GROUP is to acquire three companies oper-ating in the mail order field, trading under the names Bury Boot & Shoe and Whitfords. The aggregate consideration is £4.64m via the issue of 2,864,815

Brown ordinary.

CARRS MILLING Industries is to merge its subsidiaries Carrs Farm Foods, Carrs Fertilisers, Oliver and Snowdon, James Reive and Sons and Thos. Edmondson into a new com-pany to be called Carrs Agri-

culture.
GOLD & BASE Metal Mines, investment holding company, reported pre-tax profits of 2102,500 (272,500) in 1988 have placed 6m new shares of

largely as a result of the increase in assets available following the rights issue in 1987. Operating income was £162,000 (£127,900). Earnings per share were 0.48p (0.46p). The divi-dend is maintained at 0.4p. LEIGH INTERESTS has

LEIGH INTERESTS has acquired the assets and the waste disposalbusiness of ATB Skips, a partnership based at Basildon, Essex, for £1.01m in LONDON FINANCE - and Investment Group: Pre-tax profits £472,000 (£756,300) for

1988. Earnings per 5p share 1.38p (2.2p) and single final dividend 1.2p (1.1p). NORISH is to acquire majority control (66.67 per cent) of Eir-freeze, the food storage division of Food Industries. Under a put and call option agree-ment, Norish can acquire the remaining 33.33 per cent after three years. Consideration will be about ISA3m (E3.6m) in he about 164.3m (23.5m) in cash, shares and loan notes.
OLIVER RESOURCES profit before tax for the year to October 31 last was 1630,365 (161.32m loss). The company's brokers TC Coombs & Co. in

London, Davy Stockbrokers and O'Brien & Toole in Dublin

the company at a price of 44p sterling which will yield net proceeds to the company of £2,534,400 sterling. Final application is being made for admission to USM.

PICT PETROLEUM: The rights issue of 10.52m new ordinary shares was taken up in respect of 10.29m shares (97.78 per cent). The balance has been sold in the market at a premium over subscription price of 18.2p per share, to be distrib-uted to those original allottees who did not take up their

THOMAS ROBINSON has acquired Valley Fixings for a consideration of some £400,000 which has been satisfied in a mixture of cash and shares. WAVERLEY CAMERON is to acquire RDW Advertising for a maximum consideration of £1.2m dependent on the pre-tax profit earned by RDW over the period to March 31 1992.

WEST INDUSTRIES: The rights issue relating princi-pally to the aquisition of the Avery-Dension business has been completed. Acceptances have been received in respect of 9.01m new ordinary (91.65 per cent) of the 9.83m shares available.

Wade hit by. start-up costs

Start-up costs of some £400,000 associated with its tableware operation in Northern Ireland were blamed by the directors of Wade Potteries for a profits fall of £450,000 to £620,000 pre-tax for the six months to January 31.

They pointed out, however, that productivity was now increasing and that the tableware unit was starting to

make a positive and growing contribution to profits. Overall, they looked for an improvement in the second six months and are, meanwhile, raising the interim dividend from 1.5p to 1.65p from earnings of 4.52p (6.8p) Turnover for the opening half improved from £10.48m to £11.79m.

TR Energy reduces loss to £621,000

TR Energy, which manages a portfolio of investments in the oil and gas industry, cut pre tax losses from £3.48m to £621,000 in 1988 and deficit per 10p share came down to 0.5p, against 8.3p. After tax credits of £238,000

(£7,000) and an extraordinary credit of £401,000 - the profit on cancellation of £1.4m of 84 per cent (formerly 8 per cent) conv unsecured loan stock 1997-2001 — net profits totalled £18,000 (£3.47m loss). Again there is no dividend. The first quarter of 1989 ended with net unaudited profits in excess of £0.5m, but the directors warned it could not

be taken as indicative of the

Memory Computer 76% downturn

fall year outcome.

Dublin-based Memory Computer, the USM-quoted developer of computer systems, reported a 76 per cent drop in pre-tax profits from IE104,000 to IE25,000 (E21,000) in the six months to end-bein the six months to end December 1988,

This came from turnover up to £6.45m (£5.87m) and after tax of £11,000 (£20,000) earn-ings per 10p share were left at 0.61p (0.25p). There was an extraordinary loss of £359,000 which reflected the company's decision to dispose of Memory Computer Systems, a UK-based subsidiary which had not performed to expectations.

RMP

RAND MINES PROPERTIES LIMITED

posited in the Republic of South Africa) Reconstration number (St.01239/06

Interim report for the six months ended 31 March 1989

The unandited consolidated results of Rand Mines Properties Limited ("RMP") and its subsidiaries for the six months ended 31 March 31 March 1989 R900 RALANCE SHEET Six months end 31 March 30 Sept 1988 30 Sept 1988 Change R000 R000 Share capital and re Interest of outside a 147 152 82 164 SB 925 154 150 subsidiary (note 1). 587 479 Total shareholders' fund-9 092 32 684 4 884 13 207 (1 935) 13 190 +61 8 367 30 784 24 734 41 776 496 18 091 1 098 11 268 191 180 536 Employment of capital 140 845 +68 +145 42 272 Profit before terration 19 189 31 446 6 **65**0 2713 13 991 42 066 1 939 55 281 31 923 2 511 44 765 12 538 4 640 25 135 14 990 4 796 29 480 21 005 Stocks and stor +42 12 431 8 734 27 802 238 396 220 044 19 193 34 27 874 34 19 119 219 243 24 883 Net asset value per share (cents) es to equity ratio

IOTES:							
L Review of results	Crown Mine	ss ("Crowss") and Cit	à Deeb		Pilgrim's Rest plant		
		("City") piants			Sbx		
•	_			Year	months	Year	
		iz months ended		ended	bebos	ended	
Gold recovery	31 March 1989	31 March 1988	30 Sept 1988	30 Sept	31 March	30 Sept	
Operating results	1203	1300	1999	1988	1989	1988	
Sand and stime treated (000 tons)	3 882	3 838	3995	D 422	1	•	
Gold produced (90)	3 662 1 762	1810	3 995 1 915	7 833	121	99	
Yield (grams per ton)	0.45	0.48	0.48	3725	188	158	
				0.48	1.56	1.60	
Revenue (rand per ton treated)	14.88	14.46	16.79	18.14	49.17	52.79	
Cost (rand per ton treeted)	10.54	9.86	10.16	10.02	32.59	28.75	
Working profit (raind per ton treated)	4.34	4.60	5.63	5.12	16.58	24.04	
Gold price received (rand per ltg)	32 681	30 516	32 637	31 <i>6</i> 07	31 595	33 03 1	
_	R000	ROOD	R000	1000	R900	R000	
Revenue	57 826	85 54D	63 095	118 636	5 954	5 221	
Costs	40 916	37 855	40 603	78 458	4 036	2843	
Working profit	16 910	17 688	22 492	40 177	1 918	2 378	
Anotistica	4 874	4 495	4 781	9 376	747	595	
Operating profit	12 036	13 190	17 711	30 901	1 171	1 783	

- Pull scale operations at the Pilorim's Rest plant commenced during May 1968 and a direct comparison of the results for the respective periods can accordingly not be made.

Gold hedging - Crown and City plants

The proceeds from hedging transactions completed during the half year form part of the revenue derived from the sale of gold. At the end of the half year the company had sold gold in terms of its hedging operations as

Period	Kilograms of gold sold	Average minimum melisable value per bilogram sold
April 1989 to june 1989	289	125 445
Property		

Gross revenue from township land sales for the six months to 31 March 1989 totalled R14.7 million (31 March 1988: R1.5 million). Motivitistanding the increase in property profits for the period under review, the contribution to profits from this division during the second half of the current year is expected to be less than that achieved during the comparable period of 1988. This is largely due to the inclusion, in the latter half of 1988, of the profit realised from the sale of the Southgate retail sits.

2. Prospects for the year It is estimated that the profit after tax for the year to 30 September 1969 will be of the order of R21 million. In view of the good liquidity position and low capital expenditure require-ments the directors believe that the dividend cover can be reduced. The total dividend payable for 1989 is, therefore, not expected to be less than

3. Capital expenditure and commitments	31 March 1989 2000	30 Sept 1988 1900
Capital expenditure incurred Cown and Cay plants Pilgrim's Rest plant Investment buildings and other asses	2 968 747 596 4 291	6 326 11 768 1 610 19 701
Capital consuitments - Contracted commitments - Approved, not contracted	2 656 228 2 884	2 680 1 596 4 256

4. Interim dividend An interim dividend of 40 cents (1988: 30 cents) per share has been declared. in textus of the accompanying d

D. T. WATT J. R. FORBES

Declaration of Dividend No. 26

On Tuesday 25 April 1989 the directors of the company declared interna dividend No. 25 as follows: Amount (South African currency) 40 cests per share Lest day to register for dividend (and for changes of address or dividend instructions) 26 April 1989 Friday, 19 May 1989 Register closed from to (Exclusive) Sanday, 28 May 1989 Ex-dividend on the Johannesburg and London stock exchanges Monday, 22 May 1989 Rand Registrers Lanced Corner Northern Parisway and Handel Road Currency conversion date for sterling payments to shareholdens paid from London Monday, 22 May 1989 Dividend warrants posted/payable Friday, 23 June 1989 Rate of non-resident shareholders' tax 15 per cent

The full conditions relating to the dividend may be inspected at or of from the Johannesburg offices of the company and its transfer secretaries. S. MIA

40 Bolborn Vlacher, Lendon EC1P LAU United Kingdom rec ars Limited

Marrier of the Barlo-Rand Group

tazies in the United Kingdon

SPONSORED SECURITIES

3.2 8.7 10.3 6.8 4.8 | 100 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 9.6 10.2 4.1 4.6 8.4 4.3 10.5 9.8 5.1 8.5 0 123 0 147 0 75 0 103 0 120 24 15.0 3.3 7.4 3.8 4.0 12.4 3.3 9.8 9.8 2.4 12.5 465 403 Scrietors 280
280 270 Torday & Cartisis 280
109 100 Torday & Cartisis Class Pref 109
122 92 Trevian Holdings (USND 116
113 106 Unistant Europe Cose Pref 113
395 355 Veterisary Drog Co. Pk 395
375 332 7.1 · 5.6 9.4 4.9 27.7

Securities designated (SE) and (USM) are dealt in subject to the rules and regulations of Stock Exchange. Other potunities listed above are dealt in subject to the rules of TSA

These Securities are dealt in strictly on a matched bargate basis. Neither Granville & Co-Limited nor Granville Davies Limited are market enabers to these securities

Granule & Co. Ltd. 8 Lovet Lane, Lopdon ECIR SSP Telephone 81-621 1212 I Lovel Lane, London ECIR ISP Telephone 01-621 1212 Member of the Stock Exchange & TSA Member of TSA

I.G INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W OBD Tel: C1-828 7233/5699 An AFBD member Reuters Code: IGIN, IGIO FT 30 FTSE 100 WALL STREET

Apr. 1730/1739 +27 | Apr. 2092/2102 +27 | May. 2387/2399 +1

Jun. 1754/1763 +30 | Jun. 2122/2132 +31 | Jun. 2398/2410 +2

Prices taken at 5pm and change is from previous close at 9pm

MB Group

NOTICE TO HOLDERS OF US\$50,000,000 5\% per cent Bonds Due 1993 of MB Group plc

Further to the notice to holders of the Bonds published in the Financial Times on 9th January, 1989, notice is hereby given that the Scheme of Arrangement giving effect to the merger between Metalbox Packaging and Carnaud S.A. became effective on 25th April, 1989. The Bonds remain outstanding obligations of existing MB Group, which has changed its name to CMB Packaging (UK) Limited. With effect from 25th April, 1989, holders of the nds have the benefit of a guarantee of National Westminster Bank PLC granted to The Law Debenture Trust Corporation p.l.c., the trustee of the Bonds, securing the payment of principal and interest as and when the same fall due.

Copies of the Trust Deed and the Supplemental Trust Deed by which the Trustee has declared it holds the guarantee for the benefit of the Bondholders may be inspected at the specified offices of the Trustee and Paying Agents.

> SPECIFIED OFFICES PRINCIPAL PAYING AGENT Bankers Trust Company
>
> 1 Appold Street, Broadgate, London EC2H 2HE PAYING AGENTS

Swiss Bank Corporation ue Indosuez Luxem 39 Allee Scheffer Aeschenvorstadt 1 CH-4002 Besle, Switzerland TRUSTEE

The Law Debenture Trust Corporation p.l.c.
Princes House, 95 Gresham Street, London ECCV 7LY This notice is published by Baring Brothers & Co., Limited on behalf of CMB Packaging (UK)
Limited (Eurocrity MB Group plc). Baring Brothers & Co., Limited is a member of The
Securities Association and is financial advisor to CMB Packaging (UK) Limited.

MB Group

NOTICE TO HOLDERS OF WARRANTS to procure the Subscription of Ordinary Shares of 25p each of MB Group plc

Pursuant to the Exchange Offer contained in the New Proposal to holders of Existing Warrants dated 8th February, 1989, notice is hereby given that each Existing Warrant assented to the Exchange Offer was exchanged for 1.3617 New Warrants of new MB Group (now called MB Group PLC) on 25th April, 1989 (the Effective Date). The subscription price of the New Warrants is 1410.

price of the New Warrants is 141p.

The subscription price of the New Warrants and the number of New Warrants exchanged for each Existing Warrant were calculated as at 10th March, 1989 and set out in a notice to Warrant Holders published on 14th March, 1989 pursuant to the terms of the New Proposal. National Westminster Bank PLC (the Warrant Registrar) will post New Warrant Certificates to each registered Warrant Holder on 2nd May, 1989.

Copies of the instrument by way of Deed Poll, the Warrant Registrar's

Agreement and the Receiving Agency Agreement in respect of the New Warrants may be inspected at the specified offices of the Warrant Registrar and the Receiving Agents listed below.

This notice should be read in conjunction with the New Proposal dated 8th February, 1989 and the definitions contained therein.

SPECIFIED OFFICES

WARRANT REGISTRAR National Westminster Bank PLC Caxton House, Redcliffe Way, Bristol BS99 7NH **RECEIVING AGENTS**

Bankers Trust Company 1 Appoid Street, Broadgate London EC2H 2HE Bankers Trust Luxembourg S.A. 14 Boulevard F.D. Roosevelt L-2450 Luxembourg

This notice is published by Baring Brothers & Co., Limited on behalf of CMB Packaging (UK) Limited (formerly MB Group pic) and MB Group PLC (formerly M.B. Limited). Baring Brothers & Co., Limited is a member of The Securities Association and is financial advisor to CMB Packaging (UK) Limited and MB Group PLC.

MB Group

NOTICE TO HOLDERS OF £65,000,000 5% per cent Subordinated Convertible Bonds Due 2002 of MB Group plc

Pursuant to the Extraordinary Resolution passed at the meeting of the holders of the Existing Bonds held on 15th February, 1989, the Existing Bonds were automatically exchanged for New Bonds of new MB Group (now called MB Group PLC) on 25th April, 1989 (the Effective Date). The conversion price of the New Bonds, which was calculated as at 10th March, 1989 and set out in a notice to Bondholders published on 14th March, 1989, is 1930.

The New Bonds are represented by the definitive Existing Bonds already in issue and accordingly the interest payment obligations in respect of the New Bonds are represented by the existing interest coupons. No definitive New Bonds will be issued and the definitive Existing Bonds will not be overstamped or otherwise physically modified in any way.

Copies of the Trust Deed constituting the New Bonds and the Paying and Conversion Agency Agreement in respect of the New Bonds may be inspected at the specified offices of the Trustee and Paying and Conversion Agents listed below.

This notice should be read in conjunction with the Explanatory Statement dated 9th January, 1989 and the definitions contained therein.

SPECIFIED OFFICES PRINCIPAL PAYING AND CONVERSION AGENT

TAY ING AND CONVERSION AGE
Bankers Trust Company
1 Appoid Street, Broadgate, Loudon ECCH 2HE
PAYING AND CONVERSION AGENTS
Swiss Bank Corporation
1, Asschenvorstadt Banque Internationale à Luxembourg S.A. 2 Boulevard Royal Aeschenvorstad CH-4002 Basie L-2953 Luxembours

TRUSTEE The Law Debenture Trust Corporation p.l.c. Princes House, 95 Gresham Street, London EC2V 7LY This notice is published by Baring Brothers & Co., Limited on behalf of CMB Packaging (UK) Limited (formerly MB Group pic) and MB Group PLC (formerly M.B. Limited). Baring Brothers & Co., Limited is a member of The Securities Association and is financial advisor to CMB Packaging (UK) Limited and MB Group PLC.

MONTEDISON

S.p.A. - Registered Office: Milan - Foro Buonaparte, 31 Share Capital Lit. 2.704.621.524.000 fully paid up Milan Court, Companies Registry No. 355, Vol. 10 - Section 84

MONTEDISON 10% CONVERTIBLE DEBENTURES 1985/1992 SPECIAL SERIES "SELM/FERFIN"

CONVERSION OR REDEMPTION RIGHTS EFFECTIVE JULY 1, 1989

We inform the holders ("Holders") of Montedison's 10% Convertible Debentures 1985/1992 Special Series "Selm/Ferfin" ("Debentures") that the Board of Directors of Montedison S.p.A. adopted in June 1988, among others, the following resolution:

"The debentures evidencing this borrowing shall also be convertible on July 1 in each of the years 1989 through 1992, in the manner prescribed by Article 4 of the Regulation, upon request made during the month of May next preceding the date chosen for

The debeutureholder shall be able to convert all of the debeutures in his posses time of the request for conversion, including those which have matured and are redeemable as provided in Article 6 of the Regulation and for which a request for redemption has not been made. Principal coupons presented separately from the Debeuture certificate are valid solely for payment of the principal amount shown

Therefore, effective July 1, 1989, Holders shall have the right to exercise one or another of the following options:

- request conversion of all of the Debentures held at the time of the presentation of he conversion request;
- b) request the redemption of one-lifth of the principal amount of Debentures originally represented by each certificate; or
- c) to postpone to the future decision on either of the above options.
- A) EXERCISE OF THE CONVERSION RIGHT The conversion rate currently in effect is as follows:
- In exchange for each group of 1,000 Debentures, stated value Lit. 1,000 each, bearing interest from January 1, 1989, you will receive:
- rest from January 1, 1989, you will receive:
 162,000 Selm savings shares, par value Lit. 1,000 each, dividend entitlement
 January 1, 1989 (dividend coupons nos. 10 and following); and
 12,960 Selm 7% convertible debentures 1986/1993, stated value Lit. 4,500 each,
- bearing interest from January 1, 1989 (interest coupons nos. 2 and following);
- 301.704 Ferruzzi Finanziaria common shares, par value Lit. 1,000 each, dividend entitlement January 1, 1989 (dividend coupons nos. 2 and following); and \$2.386 Ferruzzi Finanziaria savings shares, par value Lit. 1,000 each, dividend entitlement January 1, 1989 (dividend coupons nos. 2 and following); and 7.879 Ferruzzi Finanziaria 7% convertible deheatures 1986/1993, stated value Lit. 9,000 each, bearing interest from January 1, 1989 (interest coupons nos. 3 and following).

Requests for conversion should be submitted from May 2, 1989 through May 31, 1989, to the Shareholder Services Office of Montedison S.p.A. in Milan (Foro Buonaparte 31) or to one of the following entrusted banks:

In Italy: Banca Commerciale Italiana — Banca Nazionale del Lavoro — Banco di Roma - Credito Italiano
Outside Italy (on behalf of Italian banks, pursuant to the Law):

In England: Hambros Bank Limited, London
In Luxembourg: Kredietbank S.A., Luxembourg
In Switzerland: Union Bank of Switzerland, Zurich

Conversion requests shall be honored only if accompanied by Debenture certificates bearing interest coupon no.8 (due July 1, 1989) and all subsequent interest coupons and by all principal coupons representing the principal amount of Debentures for which conversion is requested.

At the time of conversion the Holder shall pay, as provided in Article 5 of the Indenture relating to the borrowing, an amount equal to the issue price of the new shares attributable to paid-in capital transactions effected by INIZIATIVA META. S.p.A. (now FERRUZZI FINANZIARIA S.p.A.) and by SELM S.p.A., plus interest thereon from the date of dividend entitlement of such new shares to the date of conversion, minus a cash adjustment of proportional value in lieu of fractional shares.

The net amount to be paid by Holders along with each group of 1,000 Debeutures submitted for conversion is Lit. 601.145.

The Applicant will be given a copy of the conversion request valid for the withdrawal of the common shares, savings shares and SELM and FERRUZZI FINANZIARIA debentures, as well as for the exerccise of other rights accruing to Holders

The Ferruzzi Finanziaria 7% Convertible Debentures 1986/1993 received upon conversion of the Debentures shall be immediately convertible into Ferruzzi Finanziaria savings shares to the extent and in the manner provided in the notice being concurrently published by Ferruzzi Finanziaria.

B) PAYMENT OF PRINCIPAL AND INTEREST Holders who do not choose, within the month of May, to convert their Debentures, shall have the right to request, effective July 1, 1989, together with payment of the semiannual interest due as represented by interest coupon no.8, repayment of one-lifth of the principal amount of borrowing originally represented by each certificate, in an amount equal to Lit. 1,000,000, by detaching principal coupon II.

UK COMPANY NEWS

Courtaulds buys US polymers stake

By Andrew Hill

COURTAULDS, the UK chemicals, textiles and industrial products group, has bought 10.5 per cent of Prod-ucts Research & Chemical Corporation of the US for \$21.7m (£12.8m), to give itself a foot-hold in high technology poly-mer manufacture.

The purchase is covered by a "standstill agreement" which runs for up to ten years and gives PRC, which is quoted on the New York Stock Exchange, protection against a hostile takeover bid. Should a predator emerge, Courtaulds could step in as a white knight, using its holding as a platform for an agreed counter-bid.

Both companies intend to develop areas of mutual inter-est, for instance by channelling the sale of specialist polymers made by PRC through Courtaulds international distribution network.

Mr Sipko Huismans, the
Courtaulds director responsible for the chemicals and industri-als division, said yesterday: "We will be customers for some of those materials and polymers, and we'll develop other materials that PRC already makes, for markets to which we have access. It's basically about stepping up the technology content of products supplied to those markets."

Courtaulds' coatings operations are already involved in the application of materials produced by PRC, but the purchase of the stake gives the UK group a foothold in the manufacture of higher technology polymers for the adhesives, sealants and coat-ings markets.

Mr Huismans said one area of possible co-operation was in



(8.6p) and the proposed

next August.l

SHILOH

dividend is being increased from 1.75p to 2.25p. The directors said that in future

the company would pay its dividends in two instalments.

starting at the interim stage

Difficulties on

Shiloh, the holding company with interests in textile

spinning, disposable products

spinning side

the development of marine coatings, particularly for mili-tary purposes. Courtaulds'

Christopher Hogg, chairman of Courtanies

paints division already supplies the US Navy, and could broaden its service to the inter-national yacht market.

Markets supplied by PRC, which is based in Glendale. California, include the aero-space, defence, construction, telecommunication and power industries. In 1988 PRC earned \$8.1m on sales of \$100m.

Courtenlds is not allowed to increase its stake within ten years or sell any of its shares within five years without the agreement of the board PRC has first refusal on the Courtaulds shares whenever they

The UK group will be released from the agreement if PRC's chairman and chief executive are removed, or another company makes an offer for or builds a large stake in PRC.

and protective clothing.

reported a decrease in pre-tax

profits from £1.45m to £1.24m for the year to March 25.

Turnover fell from £16.33m.

£124,000 (£27,000) and, after

tax down at £427,000 (£505,000),

earnings came out down at 14.33p (16.65p). Despite the downturn, the directors have

recommended a final dividend of 1.5p (1.375p) Mr ET Cartside, chairman,

said that the profits were only

He added that the outlook

uncertain because of continuing difficulties on the spinning side.

for the coming year was

Interest amounted to

to £15.39m.

slightly lower

Buy-out at Tarmac subsidiary

By Charles Batchelor

A TEAM of 10 managers has staged a £38m buy-out of Nor-wich Corrugated Board, a manufacturer of board for packaging, from Tarmac, the construction company. Norconstruction company. Nor-wich was a subsidiary of Rub-eroid, acquired by Tarmac in 1988, and the buy-out forms part of the £53m worth of di-posuls announced by Tarmac on Tuesday. Norwich is believed to the largest independent manufac-turer of board in the UK which does not also have converting

does not also have converting capacity - the ability to cut and print the board. This gives it a key position in the board industry where other manufacturers do have converting

capacity or are part of larger paper-making groups.
Norwich made an operating profit of £3.7m on turnover of £29.4m in 1988. At the year and its net assets were £3.1m. The buy-out, which has been led by Philippen Ventures. led by Phildrew Ventures, a venture partnership affiliated to Phillips & Drew Management, involves £20.5m worth of equity, £11.5m of bank loans and £4m of working cap-ital.

Phildrew has underwritten all of the equity but will syndi-cate part of this to other inves-tors later while National West-minster Bank has supplied the

senior and revolving loans.
The management of Norwich, led by Mr Philip Foster, chief executive, has acquired a 24 per cent stake in the com-pany though this could rise to nound 30 per cent depending on the value of the company if it were to be sold or obtain a stock market listing.

News Digest

BRIXTON ESTATE

Advance to over £16m year-end

BRIXTON ESTATE, the property developer and investor, raised its profits by £2.95m to £16.16m pre-tax for the 1988 year. A final dividend of 6.25p lifts the total from 7.8p to 9.75p. A scrip issue on a one-for-one basis is also proposed.

Net rental income advanced from £25.42m to £29.23m. Investment profits amounted to £15m (£12.17m) and dealing profits to £1.16m (£1.03m). After tax of £3.96m (£3.38m) earnings emerged at 14.82p

A valuation of the group's completed and let properties, both in the UK and overseas, showed a surplus over book value of £139m before allowing for differences in year-end exchange rates. At year-end investment

properties totalled £589m, a rise of £175m, or 42.3 per cent, and net assets were £393m, equal to net asset value per hare of 478p, an increase of 58.3 per cent.

The directors said that in view of the uncertainties of the interest rate market. arrangements had been entered into to fix the cost of borrowing in the UK so that 1989 profits were not sensitive to UK interest rate movements

HATFIELD ESTATES Surge to over £1m at midway

Hatfield Estates, the USM-quoted property developer and building contractor, saw its pre-tax profits surge from £253,000 to

T.C.H. Investments N.V.

NOTICE IS HEREBY GIVEN to beiden of BEARER Curacao Depositary Receipts each representing one-tenth of one Class A share of T.C.H. Investments N.V. that the Annual General Meeting of Share-holders of T.C.H. Investments N.V. will be held at 6, John Gentirawe, Willenstad, Curacao on May 19, 1929 at 15,00 pm. The agenda for the meeting and the Annual report 1938 are available for bolders of Depositary Receipts at the office of Pierson, Heldring & Pierson N.V. Herengracht 214, 1016 BS Amsterdam, where vouchers for entry to the meeting may be obtained against delivery on or before 12th May 1939 of Depositary Receipts and promiss to vote may be obtained against the contract of the state of the contract of the state of the contract of Depositary Receipts and proxies to vote may be obtained for each 10 Depositary Receipts.

CARIBBEAN MANAGEMENT

COMPANY N.V.

Willemstad, Curacao April 27, 1989

a little over £1m for the the purchase of Lloret opening six months the 1988-89 Electrical Systems. Earnings emerged at 10.3p

The improvement was struck on the back of £5.27m rise in turnover to £6.68m. Earnings worked through at 8.7p (2.2p) and shareholders are to receive a maiden interim dividend of

1.25p per 10p share. Mr Bob Morton, chairman said the building contracting division had continued to trade successfully and had concluded negotiations for contracting work totalling over £8m.
The integration of Kingham

Construction, acquired in June, had been successfully completed and the company was now making its anticipated contribution to group profitability. Hatfield Estates joined the

USM in December 1987 and for the year to end-December 1988 returned profits of £2.2m from a turnover of £11.46m.

ENSIGN TRUST

Assets show 10.1% gain

Ensign Trust, in which the Merchant Navy Officers Pension Investments owns a majority stake, increased its net asset value by 10.1 per cent from 82.5p to 90.8p in the half year to March 31 1989. Total income for the six

months to end-March amounted to £6.23m (£4.6m) but revenue before tax was down from £1.85m to £1.24m due to more than doubled nterest charges of £3.58m (£1.62m).

Earnings per share emerged at 0.28p (0.37p) after tax of £398,000 (£754,000). An interim dividend of 0.3p (same) has already been announced. The directors currently expect that the year's total will be increased by an amount not less than the rate of inflation - last year's total

was 1.2p.
The figures do not consolidate the results of the company's subsidiaries and should not be taken as a guide to the full year.

MOLYNX HOLDINGS Ahead of forecast

Molynx Holdings, a manufacturer of equipment for the closed circuit TV industry which is also engaged in light engineering, returned profits of £898,554 for the 1988 year on a turnover of £6.45m. That compares with £508,770 and £3.8m respectively for 1987

and with the profits forecast of not less than £800,000 made last November at the time of

International investors in commercial property **ANNUAL RESULTS 1988**

1987 29,232 25,419 Net Rental Income 13,204 Profit before Taxation 16,157 Earnings per Share 14.82p 11.94p Net Asset Value per Share 478p 302p

Value of Investment Properties

- ☐ 15.0% increase in net rental income.
- □ 22.4% increase in profit before tax. 58.3% increase in net asset value per share.
- ☐ Final dividend of 6.25p per Ordinary Share proposed, making a total dividend for the year of 9.75p per share an increase of 25.0%.
- □ Capitalisation issue of 1 for 1 proposed.
- □ Valuation surplus on completed and let properties £139 million.

The above figures constitute an abridged version of the year's results. The full accounts which will be posted to shareholders on 26th May 1989 have not yet been reported on by the Auditors. They will be filed with the Registrar of Companies following the Annual General Meeting to be held on 27th June 1989.



Brixton

\$:_

£589 million £414 million

"PEPSICO - RANKED AMONG AMERICA'S TEN MOST ADMIRED COMPANIES"

Fortune Magazine (Jan. '89)

Pepsico Food Service International is a major subsidiary of the \$13 billion Pepsico Group and the driving force behind the international Pizza Hut and Taco Bell restaurant chains. We are responsible for large national franchises in over 20 countries throughout Europe, the Middle East and Africa, and for 3 joint ventures, including the latest in the USSR.

Our Area Office is in London and provides the European base for an autonomous senior Management team which is responsible for all strategic business issues as well as day to day operations. We are faced with exciting development opportunities and in order to exploit this potential to the full, we wish to enhance our Planning and Finance function.

Both positions will command competitive salaries and attractive benefits packages which include quality company cars. For further information please write to Ann Braithwaite, Director of Human Resources, enclosing a CV, at Pepsico Food Service International, Eurafme House, 2 Woodgrange Avenue, Kenton, Middlesex HA3 0XD. Tel: 01-907 4388.

Director of **Finance** c£50,000 Package

Reporting to the Area Vice President you will be working with senior executives in the key areas of Finance and Accounting, Systems Development, Business Planning and

Management Reporting. This is a Board level appointment and the successful candidate will be expected to contribute fully at strategic as well as operational levels. In addition there will be liaison on broad commercial and financial issues with counterparts within our joint ventures, franchises and Pepsico.

Ideally you have an MBA and considerable financial experience. You're probably looking for your first Directorship and will be excited by the opportunity to use your skills in an organisation that's renowned for its properties. management expertise.

Business Planning Manager

c£30,000 Package

An accomplished commercial strategist, you'll be bringing your expertise to all areas of business and financial planning; from the research and analysis of marketing data, to the preparation and presentation of detailed business proposals and plans.

You should have in-depth experience of planning - gained within a multinational or major retail concern. As the role will demand close ties with Board Directors and with our Franchise and Joint Venture Partners, you should also have proven business communication skills.

If you have an MBA or Accountancy qualification this position offers an excellent opportunity to gain thorough knowledge of Pepsico's international operations and progress into senior management roles.

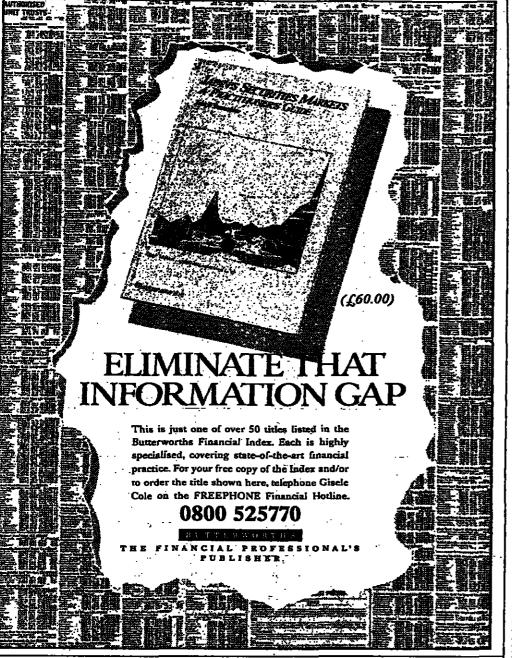


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BANQUE FRANCO PORTUGAISE

Capital Increase

Strengthening of the partnership with Portugal's first banking Group

The shareholders of the Banque Franco Portugaise, COURTNEIGH INVESTMENT COMPANY and BANCO NACIONAL ULTRAMARINO, have decided to carry out immediately an increase in capital aiming to strengthen the growth of the Bank.

Banco Nacional Ultramarino is a Portuguese bank with public capital whose chief shareholder is Caixa General da Depositos, the most important Portuguese banking establishment, the other shareholder

These two banking establishments have together more than 500 branches covering the whole of the Portuguese territory, and make up with the insurance company Fidelidade the main financial group in Portugal.

The shareholders consider that all is in place to enable the B.F.P. to strengthen its presence on the French banking market and to intensify its development as a priviledged system of contact with the Portuguese banking network.

The Banque Franco Portugaise has doubled its commercial network since 1980 with 42 branches in France and Monaco and has equipped this network with a particularly efficient computer system. With 70 years of international experience, the Bank is today at the forefront of all foreign banks which are operating in France.

8 rue du Helder, 75009 PARIS Tel. (1) 45.23.30.40

WATMOUGHS (HOLDINGS) PLC

- Record results in our centenary year
 - Acquisition of Varnicoat
 - Successful 1 for 4 rights issue

Summary of results, year to 31 December 1988

	1989	1988	Increase
Profit before tax	£6-8m	£4-8m	41%
Earnings per share	27-58p	22-37p	23%
Dividend per share	8-50p	6-875p	24%

"The acquisition of Varnicoat Limited and founding of Chantry Web Limited provide an excellent opportunity to expand the interests of the Group... We are confident that 1989 will be another year of significant progress and growth." Patrick Walker, Chairman

Warmoughs is one of the United Kingdom's largest printers of high quality supplements and magazines, mail order catalogues and brochures, annual reports and accounts and financial documents with growing interests in packaging and mailing services.

> Copies of the annual report are available from the Secretary, Watmoughs (Holdings) PLC, Jason House, Hillam Road, Bradford, West Yorkshire BD2 1QN.

UK COMPANY NEWS

Shares rise on news of £3.75m acquisition

Verson beats expectations with advance to £1.66m

SHARES IN Verson International, the group of British engineering businesses assembled by Texan entrepre-neur Mr Tim Kelleher, shot up by 6%p to 34%p yesterday as the company announced another acquisition and a bet-ter-than-expected pre-tax profit of £1.66m for the year to January 81 1989.

The company is to buy British Federal, a manufacturer of welding and production line equipment, from Laird Group for £2.75m. It will pay with a vendor placing of 12.5m new Verson shares at 28p and £250,000 in cash.

Laird is selling the business as part of a general focusing of its activities that has been going on for 18 months. It has also put its Metro-Cammell railway carriage and Metro-Cammeli Weymann bus and taxi subsidiaries on the mar-

British Federal made profits before tax and management charges of just over £1m on to December, implying an exit price/earnings multiple of 8. Verson's increase in pre-tax profits from £927,000 to £1.66m

was made on turnover up from £31.71m to £39.71m. Earnings per share rose by 43 per cent to 2.03p (1.42p) and a final dividend of 0.4p is proposed, making 0.575p (0.83p).

The company's policy of building up an international sales network to much out the sales network to push out the British companies' products continued with the opening of

its seventh and eighth offices in Rourkela, India, and Pitts-burgh, Pennsylvania. A ninth office opens in Sydney, Austra-Mr Kelleher, chairman and chief executive, said the current year had begun with order books "dramatically" above the same point last year, and he was highly confident of the near and long-term prosperts.

pects.
"The purported recession in the UK would have a very minor effect on Verson because our business is all about exports," he said.

Gross margins dipped alarmingly at Verson because the company offered customers price discounts in return for price discounts in return for speedier progress payments, but the pay-off came at the pre-tax level thanks to the consequent drop in interest charges. Next time the company may seek a less frightening method of presenting its accounts: meanwhile there is little else to suggest that the company's momentum is flagcompany's nomentum is flag-ging. Pro-forms gearing is tol-erable at around 33 per cent, exposure to the UK economy is low, orders in hand are at £40m against £23m this time last year, and British Federal should add another £1m pretax. Eligibility for mainstream coporation tax will hinder earnings growth this year, but not much: on present form, a possible £3.5m pre-tax should feed through to 3.5p eps, produ-cing a prospective multiple of 10 - undernation in spite of vesterlary's rise in the share yesterday's rise in the share price.

Public debut for Mid Kent

By Andrew Hill

DEALINGS IN the shares of Mid Kent Holdings, the first water utility to become a quoted public limited company, should appear on Stock Exchange screens from tomor-row at the latest.

The new shares - which investors in Mid Kent Water Company were offered in exchange for their statutory company stock - were admit-ted to the Stock Exchange's Official List last week.

But because the new public limited company has only two marketmakers, Mid Kent was registered as a delta stock and dealings in the shares did not

appear on brokers' screens, to the annoyance of its advisers. Brown Shipley, Mid Kent's merchant bank, said yesterday that dealings in the shares could appear among transport and freight stocks - alongside mighty corporate names like British Airways and P&O but the Stock Exchange said Mid Kent was more likely to

have its own category.

The group, which wants to diversify from its traditional activity of water supply, had hoped for a listing with general industrial companies.

By the end of the year, Mid Kent should be joined on the

stock exchange screen by many of its rival statutory companies, and the 10 water authorities.

The bill to privatise the authorities also allows the 29 UK water companies to convert into public limited companies, shedding dividend and voting restrictions.

Since last summer, 14 of the statutory companies have become subsidiaries of larger groups, notably three French water suppliers. Mid Kent Water Company still exists, but as a subsidiary of Mid Kent

Gielessen - currently a sub-

sidiary of the Transport Devel-

opment Group - is based in Eindhoven. Pre-tax profits for

the year to the end of September 1988 were Fl 640,000 (£179,000) after one-off reloca-

tion costs of Fl 925,000. Net

Goldman Melville expands into lifts stake By David Waller in Gateway

By Nikki Tait

THE UK-BASED securities arm of Goldman Sachs, the US investment house, yesterday announced the purchase of a further 2.5m shares in Gateway, the UK food retailer which is subject to a hostile £1.73bn bid from a newlyformed, institutionallybacked company called

This takes the Goldman holding to 12.4m shares, or 1.39 per cent of Gateway's

The shares were bought at prices ranging from 191.5p to 192.5p a share — below Isosce-

les's 195p cash offer.

Yesterday, from New York,
Goldman said that the
increased holding was part of
its "normal risk arbitrage" activities.

Europe with Dutch buy

(£840,000).

assets at

MELVILLE GROUP, the exhibition contractor which claims to the largest operator in its field in the UK, is making its first European acquisition with the purchase of Gielissen, a Dutch supplier of exhibition stands, for F1 10.47m (22.84m), plus the repayment of debts totalling Fl 2.95m amounted to Fl 500,000.

Airsprung makes £3.4m purchase

Airsprung Group, USM-quoted furniture maker, has acquired Bymacks for £3.4m in cash, paid on completion from the

company's resources. Bymacks makes three piece suites and bed settees. For 1988 its pre-tax profits were £437,000 on turnover of £8.71m. Net assets at December 31 were £756,500.

Baird acquisition

William Baird, textiles and engineering group, has acquired RB Adda Systems of Hull, a maker and distributor of prefablicated buildings, for £2m in cash and shares.

Further consideration is profit-related. For the year to June 1988 Adda's pre-tax profit was £340,000. Net assets acquired on completion amounted to about £400,000.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY- Indices of industrial production, manufacturing (1985 = 100); engineering orders (£ billion); rotal sales volume (1980 = 100 sales value (1980 = 100); registered unemployment (excluding school leaver unfilled vacancies (000s). All seasonally adjusted.

	prou.	output.	Graer	YOU.	AT-110	Dicyou	THEO.
1987							
4th etr.	107.9	109.4	29.1	133.3	210.8	2,656	262.1
1988							
1st atr.	107.8	110.6	31.1	135.3	173.3	2,486	249.9
2nd atr	109.2	1123	31.2	137.0	181.7	2,364	255.2
3rd atr.	110.7	116.0	32.6	139,2	188.2	2,228	244.3
4th gtr.	110.6	117.2	33.1	140.8	229.0	2,101	244.9
May	109.3	112.5	21.3	137.7	180.5	2,364	254.5
June	109.9	113.0	31.2	137.0	182.3	2.324	255.1
July	110.5	115.6	31.7	140.0	191.4	2_267	249.7
August	110.4	115.9	32.1	139.5	187.7	2,225	242.8
September	111.0	116.6	32.6	138.4	185.6	2,192	240.3
October	110.5	116.7	32.4	141.2	198.7	2.158	251.2
November	111.0	117.0	33.0	140.4	216.0	2.105	245.2
December	110.5	117.9	33.1	140.8	272.2	2.037	238.3
1989						• •	-
January	109.3	118.5	32.9	137.4	184.1	1.988	229.2
February	109.0	117.8		141.7	183.0	1.949	228.1
March				241.7		1.918	222.9
			_	V		-,	

OUTPUT- By market sector; consumer goods, investment goods, interm goods (materials and fuels); engineering output, metal manufacture, to leather and clothing (1985 = 100), housing starts (000s, monthly average).

	Chamer. goods	invest. goods	intmd goods	Eng. output	Motal mnig.	Yeshte etc.	House sterts
1987							
4th qtr. 1986	108.9	106.8	107.9	107.4	112.7	103.4	17.0
ist qtr.	109.5	105.7	107.7	107.1	117.8	103.9	20.2
2nd gtr	111.5	108.1	108.7	109.7	120.3	701.0	22.3
3rd gir	113.6	114.1	108.2	114.9	123.7	102.2	20.4
4th atr	114.9	116.0	107.0	116.3	123.1	102.5	18.4
May	112.7	108.3	108.8	109.0	119.0	102.0	22.3
June	111.8	111.0	108.7	112.0	119.0	101.0	23.5
Juty	113.5	112.B	108.5	114.0	124.0	104.0	20.6
August	113.0	114.0	108.1	115.0	126.0	102.0	20.5
Sept.	114,4	715.4	105.1	116.D	120.0	101.0	20.1
October	114.1	115.7	107.2	116.0	127.0	102.0	19.6
November	115.4	115.9	107.4	117.0	719.0	102.0	21.4
December 1989	115.2	116.5	106.3	116.0	124.0	105.0	14.1
January	116.2	118.2	104.0	115.0	133.0	101.0	15.4
February	116.4	115.7	103.5	115.0	125.0	102.0	18.5

EXTERNAL TRADE- indices of export and import volume (1985 = 100); visible balance; current balance (£m); oil balance (£m); terms of trade (1985 \sim 100);

	_						
	Export	Import	Visible	Current	QU	Torms	Reserve
	Acimus	adinwe	balanco	balonce	Dalance	TROO	USSon
1987							
4th qtr.	111.9	120.8	-3,280	-1.968	+ 1.073	97.6	44.33
1988			•	•	•		
1st qtr.	106.2	119.8	-4.026	-3,001	+ 730	97.0	44.64
2nd gtr	111.4	127.7	-4.538	-2.744	+ 615	98.7	48.52
3rd gtr	109.3	133,7	-5.696	-3.438	+ 460	99.3	50,48
4th etr.	106.6	135.0	-6,304	-5.483	+ 340	98.0	51.69
April [*]	110.7	126.0	-1.237	-824	+ 271	98.2	47.86
Mav	109.2	127.2	-1.713	-1.038	+ 269	88.9	48.53
June	114.3	130.0	-1.572	-910	+ 275	99.0	48.52
July	187.0	141.5	-2.568	-1.813	+ 119	88.8	49.83
August	105.8	127.6	-1.657	-905	+ 177	100.0	50.64
September	114.1	131.9	-1.473	-720	+ 164	99.1	50.48
October	103.7	139.6	-2,658	-2,382	+ 67	97.8	50.05
November	107.1	131.5	-1.866		+132	97.6	50.05 51.04
				-1,612			
December 1989	109.1	133.5	-1,763	-1,489	+141	98.7	51 .69
January	114.5	146.1	-2.099	-1.599	+ 103	100.3	51.71
February	104.8	138.9	-2.196	-1.895	-18	100.0	51.68
hda.ah	440.0	465.0		4 455			

FINANCIAL-Money supply M0, M1 and M3 (annual percentage change); bank

	ĺ	MO %	M1	M3 %	iending Em	inflow Em	crediti Em	rato %
	1987							
	4th qtr. 1988	4.9	22.2	22.9	+11,202	3,007	+ 948	8.50
	1st qtr.	5.2	20.6	20.8	+ 12.903	3.051	+ 965	8.50
	2nd etr	6.6	18.6	20.4	+ 15,343	4.173	+1,105	9,50
	3rd gtr.	7.7	17.3	22.7	+ 15.740	3.162	+1.092	17.50
1	4th qtr.	7.7	14.3	20.5	+ 13,379	3,168	+873	12.70
	May .	6.4	20.0	18.8	+3,798	1,358	+363	7.50
	June	7.3	18.6	20.4	+ 5,148	1.239	+429	9.50
į	July	5.9	18.1	21.1	+6.152	1,362	+345	10.50
į	August	7.6	15.8	20.6	+3,374	1,179	+471	12.00
	September	8.5	17.3	22.7	+ 5.679	621	+ 276	12.00
	October	7.7	13.7	19.8	+4,233	1,583	+ 186	12.00
	November	7.7	11.7	20.6	+3.761	768	+ 392	13.00
	December 1989	7.7	14.3	20.5	+6,199	819	+ 295	13.00
	Jenuary	7.2	11.4	21.3	+ 6.560	784	+ 224	13.00
	February	6.6	13.6	22.2	+ 2.268		+284	13.00
	March			_				13.00

REFLATION-indices of earnings (1985 = 100); basic materials and fuels; wholess prices of manufactured products (1885 = 100); retail prices and food prices \(1887 = 100 \); Reuters commodity index (Sept 1931 = 100); trade weighted value starling (1975 = 100)

	ings"	malis.°	annig."	API.	Foods	cridly.	Sterling
1987							
4th qtr.	120.5	96.4	109.8	103.2	101.7	1,683	74.9
1988							
1st qtr.	121.6	98.9	111.0	103.7	103.5	1,747	75.3
2nd qtr	124.8	97.8	112.6	106.2	104.6	1,817	77.6
3rd qtr.	127,5	98.8	113.9	108.6	104.7	1.902	75.9
4th qtr.	131.9	100.1	115.2	109_9	105.7	1.887	77.5
June	125.9	99.5	113.0	106.6	104.6	1.936	78.3
July	128.3	99.4	113.5	106.7	104.0	1,970	75.6
August	126.8	98.8	113.9	107_9	104.4	1.863	76.5
September	127.3	98.2	114.3	108.4	104.8	1.873	75.5
October	128.9	98.0	114.9	109.5	104.9	1.874	76.3
November	131.2	99.8	115.2	110.0	105.7	1.866	77.1
December	135.7	102.5	115.4	110.3	106.5	1,921	79.0
1989				_			
January	131.8	104.0	116.4	111.0	107.4	1.969	97 <u>.9</u>
February	132.0	101.9	116.8	111.B	107.7	1.954	97.4
March		101.9	117.2	1123	108.3	1,998	95.9
		-5116			1.00.0	.,230	33.0

"Not sessonally adjusted

SCHERING

Notice of **Annual General** Meeting

(Securities Code Nos. 717 200 and 717 201)

Shareholders are invited to attend this year's Annual General Meeting, which will take place on Wednesday, 14th June, 1989 at 10 a.m. at the International Congress Centre Berlin, Messedamm/Neue Kantstrasse, 1000 Berlin 19 (Charlottenburg).

1. To present the approved accounts, the group accounts, the annual report for Schering A.G. and the group annual report for the business year 1988 together with the report of the Supervisory Board.

Resolution upon the appropriation of the net profit for the year.

Resolution upon discharging the Board of Management.

4. Resolution upon discharging the Supervisory Board.

Election of Supervisory Board. 6. Resolutions to increase the nominal capital by transfer from reserves in a ratio of 20:1.

7. Resolution on convertible bond issues and bond issues with equity warrants attached and an increase in conditional capital.

8. Resolution on creation of authorised capital !.

Schering Aktlengesellschaft Berlin and Bergkamen

Resolution on creation of an authorised capital II. Resolution on company contracts.

11. Election of accountants for the

financial year 1989.

The complete agenda, including the resolutions put forward, is due to appear in the 27th April, 1989 issue (No. 80) of Bundesanzeiger (Federal Gazette). Please refer to this announcement for details of the agenda and of the procedure for depositing shares in order to attend the Meeting. Closing date for such deposits will be Wednesday, 7th June 1990

Pursuant to Section 125 of the German Companies Act we have sent Notices to Shareholders and the abridged version of our annual report for 1988 intended for all holders of Scharing shares to every bank holding Schering shares in safe custody, for them to pass on to all custody, for them to pass on to all holders of Schering shares. Shareholders who have their Schering shares held in safe custody by a bank and have not as expected received these documents from their bank by the beginning of June 1989 are requested to apply for them to their bank.

Berlin, 27th April, 1989 The Board of Management U.S. \$100,000,000

Fortune Federal Savings and Loan Association

Collateralized Floating Rate Notes Due 1992

Interest Period

101/4% per annum 27th April 1989

27th July 1989 Interest Amount per U.S. \$100,000 Note due

27th July 1989 U.S. s2,590.97 Credit Suisse First Boston Limited Agent Bank

Schlümberger

SCHLUMBERGER FIRST QUARTER **EARNINGS**

New York, New York, April 20 -- Schlumberger Limited reported that net income in the first quarter of 1989 was \$82 million compared to \$101 million earned in the same period of the previous year. Earnings per share were \$0.35 compared to \$0.37. The company noted that the decline in first quarter net income was due mainly to a net decrease in interest income of \$19 million primarily as a result of repurchasing approximately 34.5 million shares during 1988 at a cost of \$1.2 billion. Operating revenue in the first quarter was \$1.18 billion compared to \$1.25 billion in 1988.

Commenting on operating results. Euan Baird, Chairman, said "Lower gas prices and persistent scepticism that the run-ups in oil price since the November OPEC production agreement will on price since the November OPEC production agreement will not be sustained have continued to depress North American drilling activity to a level 25% below the average of the first quarter 1988. However, outstide of North America, our oilfield services revenue was higher and income gained significantly due to increased oil company spending in areas where finding costs are the most attractive.

"At Schlumberger Industries, our utility metering and electronics businesses, results nearly equalled the previous year's first quarter when all-time records were set for revenue, net income

COMMODITIES AND AGRICULTURE

Saudis counter Kuwaiti **Opec share proposals**

KING FAHD of Saudi Arabia has said that increases in pro-duction by members of the Organisation of Petroleum Exporting Countries should be shared among members according to their current share of total Opec production. The remarks appear to be a rebuff to Sheikh Ali Khalifah Al-Sabah, the Kuwait oil minis-

ter. who has suggested that Kuwait and the United Arab Emirates share the bulk of any

Speaking prior to a meeting of the Gulf Cooperation Coun-cil in Riyadh, King Fahd also cautioned against any hasty decision by Opec to increase production. He said Opec deciions should not have a negative effect on world oil prices. The king's remarks, which were quoted in Saudi newspa-pers, go a step further toward setting the stage for the Opec ministerial conference, due to begin on June 5. The conference will consider proposals to increase the Opec production ceiling in response to the recent strength of oil prices. Several Opec members are attempting to strengthen their positions either for defending or increasing their quota

However the king's remarks were seen by some as decreas-

signed by Peru

By Veronica Baruffati

will be scrapped

THE controversial fishing

contract signed between the

Peruvian government and the

governments of Cuba and the Soviet Union is to be annulled,

according to Mr Romulo Leon

Alegria, Peruvian Fisheries

Mr Leon blamed the deluge

of criticism from all sectors of

the opposition and even the nation's General Inspectorate

for causing the Cubans and

Soviets to leave Peruvian

By losing these two impor-

tant contracts, "Peru will no longer receive the 100,000

tonnes of frozen fish needed to

feed large sectors of the Peru-vian population," said Mr

Mr Leon has vigorously sup-

ported the fishing contract

with these two countries

because, he maintains, they

are the only countries

seas and willing to fish cheaper

varieties. At the time of the

equipped to fish in the high

shares. This has increased

expectations that the meeting

could turn out to be conten-

Fishing contract



King Fahd - remarks seen as a rebuff to Kuwait

ing chances that disagreements between Opec members would come to a boil at the June meeting, and that instead the oil producers would do what they could to avoid upset-

"No one will be prepared to upset the apple cart," said Mr Phillip Morgan, an oil analyst at Citicorp. Mr Morgan believes instead that contentious issues may be put off until a meeting later this year likely to be held in November

Oil prices have risen sharply following a spate of production blems in the North Sea and in Alaska. Stronger-than-expec-ted demand has also underpinned prices, although analysts disagree about both supply and demand figures as well as projections of future trends.

Many analysts believe that Opec has enjoyed high oil prices this year only because of luck, in which serious over production by Opec has been counteracted by unexpected supply problems hitting non-

Opec producers.

Although a more bullish concensus has emerged among many analysts, Mr John Toalster, of Hoare Govett believes the current strength of oil prices is precarious. "We've got a very soft under-belly in the oil market for an extended period of time," he

Mr Toalster does not accept the high estimates for underlying growth of oil demand that many have proffered, and believes that instead a number of one-off events, such as shutdowns of nuclear reactors in France, account for the recent

He also disputes a growing concensus that Opec has learned from previous price collapses and is now more pragmatic. Instead, he says, Opec countries are positioning themselves for future battles over quota shares, and it is only a question of time before a production war breaks out as part of an effort to claim a big-

A large open position

Czarnikow believes that

"some 1m tonnes will be taken up by one French trade house

closely involved in trade with Cuba and the USSR."

let it be known in the markets
that it would be taking delivery of its open positions.

Czarnikow points out that
suggestions that Cuba might
defer export commitments

defer export commitments could be seen in an optimistic

or pessimistic light, as could the size of both the Cuban crop

and Soviet requirements.

Last week Sucré et Denrees

remains on May futures con-tracts in both London and New

The proposed cuts in the

cuts. A series of meetings

ernment to industry.
In late March, Lady Trumpington, junior agriculture minister who has been in charge of the exercise, gave industry two months to decide what projects it wanted to fund. These range from several experimental horticultural and farm stations to programmes for the development of disease resistant seeds.

Fresh speculation over sugar trading strategy

By David Blackwell

UNCERTAINTY surrounding the likely take-up tomorrow of deliveries against May sugar futures contracts raises fresh speculation about the trading strategies of Cuba and the Soviet Union, according to the latest Sugar Review from Czarnikow, the London trade house.

"Apart from the total tonnages which may be traded on both sides, the impact on the market can also vary depending on the extent to which Cuba is able to channel shipments via the world market at the expense of trade agreement says the deliveries,"

Indonesia plans to re-open tin mines INDONESIA, hoping to cash in make it profitable to produce Tin Producing Countries current un price surge said it will re-open tin mines in Belitung Island and boost exploration of nearby offshore areas, Reuter reports from Jakarta.

signing of the contract, the National Fishing Society Sujatmiko, president-director of state tin mine PT Tambang Timah, said: "We will re-open accused the Government of giving the Cubans and the our tin mines in Belitung island as current price levels Soviets preferential treatment.

Mining on Belitung, just east of Indonesia's main tin producing island of Bangka, was halted as part of efficiency measures following the 1985 tin

Sujatmíko said Indonesia would stick to its export quota of 31,500 tonnes in 1989-90 as agreed with the Association of

LONDON METAL EXCHANGE

on farm research

By Bridget Bloom

criticised

BRITAIN'S organisations have criticised the Government's continuing lack of a clear strategy on agricultural research follow-ing the decision a year ago to cut a further £30m from the farm research budget.

In three meetings held with Ministry of Agriculture offi-cials over the last few days, delegates from the National Farmers Union, from the Home Grown Cereals Authority and other bodies representing producers have called on the Government to review and

define its strategy.

An independent review would help farmers decide how and to what extent they could increase their own research funding in response to the Government's demand that industry should take up projects, defined as "near-market," that the Government was proposing to abandon, the

NFU said yesterday. Mr Chris French, deputy NFU President, said it was impossible for the agricultural industry to make sensible decisions about its research priorities and the level of funding without knowing well before hand and in detail what the Government intended to do for several years ahead.

1148m farm research budget, which come on top of cuts of some £65m since 1985, are part of an economy-wide drive by Government to rationalise officially funded research and development

However, agriculture has been the first department to be subjected to such detailed between agricultural industry representatives and government officials over the last 10 months has failed to produce an agreed programme which might be transferred from gov-

and 1970s - in cotton yields, overall production and quanti-ties available for export. The direct correlation between low officially regulated returns to farmers and the sector's poor performance is obvious. This year, the authorities appear, belatedly, to have recognised they have some-thing of a crisis on their hands after a disastrous 1988.

On March I, the cotton procurement price was raised 34 per cent to about E£197 (US\$80.00) per kantar (one kantar)

He said export quotas were set to cut overhanging stocks but it is up to individual producers to decide whether to release their stocks on to the

market. Mines and Energy Minister Ginaniar Kartasasmita said last week the country's stocks were around 2,500 tonnes.

Government | UK to test pilot nitrate protection zones

By Bridget Bloom, Agriculture Correspondent

BRITAIN is to establish special nitrate protection zones on an experimental basis in advance of a requirement to do so under a European Community

The zones, which will be established in areas where nitrate concentrations in drinking water are at or near the maximum levels estab-lished by the EC, will be volun-tary in the first instance, and farmers having to cut back on the use of fertiliser will be compensated financially.

Mr Julian Anderson, under secretary in charge of land and environmental affairs in the Ministry of Agriculture, told a parliamentary select committee yesterday that the protection games would be design under the protection games would be design. tion zones would be drawn up in association with the water authorities and the National Rivers Authority. The NRA is the new regulatory body being created by the privatisation of

Britain's water supplies.
The pilot schemes would be the subject of extensive consultation with some 180 interested parties, as well as an "intensive advisory campaign in

cessful industry.

The accompanying table tells a depressing story of an almost

uninterrupted slide over the

past decade - continuing a pattern established in the 1960s

tar equals about 50kg) and a

publicity campaign was

launched to persuade farmers to plant their crops on time in

One of the reasons advanced

for the had results in 1988 was

that farmers delayed planting

because they were receiving

excellent returns for berseem

clover which precedes cotton

in 90 per cent of the fields

under Egypt's system of crop

WORLD COMMODITIES PRICES

(Prices supplied by Amalgamated Metal Trading)

order to ensure good yields.

selected key areas." Mr Anderson told the House of Lords Committee on the European Communities.

Communities.
However, neither Mr Anderson nor his officials would be drawn on the precise location or number of the pilot "nitrate sensitive areas," nor on the likely restrictions on nitrate use and the consequent effect on farmers.

More of these details would be revealed next month, when amendments would be tabled to the Water Bill in committee stage in the Lords, Mr Anderson said. This would be rapidly followed by a consultation paper setting out the government's plans in detail. Mr Anderson was giving evidence to the Committee's inquiry into a draft European

Commission directive requir-ing the establishment of nitrate protection zones in member states. Although the directive is before the EC council of ministers, it requires unanimous approval and is likely to be toughly negotiated. It is unlikely to come into effect for at least a year. In a joint memorandum to the Lords Committee the agriculture ministry and the Department of the Environ-ment labelled the directive

unreasonable and inflexible.

While Britain welcomed the
Commission's initiative in seeking a Community wide policy on nitrates, the directive was potentially too sweeping. In a "worst case scenario" it could result in restrictive protection zones being established over the great bulk of arable land in Britain, the memo said. Britain's intention to set up pilot protection zones was signalled at the end of last month by Mr John MacGregor, the Minister of Agriculture, who said that wherever possible, restrictions should be volun-

tary, with compulsory powers available as a fall back. While a number of EC member states have tougher con-trols on pollution from animal manure and slurry than Britain, Germany has gone fur-thest so far in setting up pilot

protection zones.
Yesterday, officials said the
Government felt such experi-

mental zones would test the sort of restrictive measures necessary to make controls on

necessary to make controls on nitrates effective.

Mr Anderson told the Com-mittee that reducing nitrate levels to the 50mg per litre limit in drinking water sources prescribed by the EC was much more complex than sim-

ply reducing the application of fertiliser by 15 or 20 per cent. Chemical fertilisers were by no means the only cause of hirate pollution of ground or surface water. Animal manute and ploughing up grassland

were equally important.
It was also important to note that changes in cultural brac-tices over the last few years -including a significant reduc-tion in the autumn use of fertilisers and earlier autumn planting of cereals — seemed to be having an effect. Officials told the Committee

that nitrate levels in rivers and underground aquifers (reservoirs), in Lincolnshire and Cambridgeshire had been broadly stable for the last three years, against the trend of earlier predictions.

Crisis for Egypt's King Cotton

Tony Walker on Government efforts to stimulate farmers' interest

T WAS not so long ago that cotton was king in Egypt. The extra long sta-EGYPTIAN COTTON PRODUCTION ple variety of Egyptian cotton exported in large quantities and considered the best in the world was the country's main foreign exchange earner. High prices gave Egyptian farmers real incentives to maintain both the quality and quantity of production. The nationalisations and sequestrations of the 1960s changed dramatically, however, the complexion of a suc-

rotation. Berseem, a stock-feed rather like lucerne, is not subject to price controls. Bad weather, including blistering mid-season heat and a cold and wet harvest contributed to the poor yield. Added to that was the apparent increasing lack of enthusiasm among cotton farmers for what is known among the peasants as the 'government crop."

One hundred per cent of the sugar and cotton crops, and 50 per cent of the rice harvest are "acquired" by the Government at controlled prices that in the case of Egypt's premium longs-taple cotton reached about 25

per cent of the world price The Government, mindful of the farmers' lack of enthusiasm for cotton these days, has, ment price, offered further incentives such as a premium payment for prompt compliance with the campaign to improve cotton yields. Penal-ties for non-compliance such as the withholding of subsidised fertiliser and pesticides are also being introduced.

Agricultural experts doubt

that the jump in the procurement price will provide a sufficient incentive for farmers to dramatically increase produc-

The best the Government can hope for, they say, is to stabilise production at around the 1987 level of 7m kantars which was down by about 13 per cent on the previous year. Dr Hassan Khedr, an undersecretary in Egypt's agricul-ture ministry, said that while it was impossible to predict what impact the increase in the official procurement price might have on production it should be noted that Egyptian farmers henefited from heavily subsidised inputs. Farmers paid about Eff8 for pesticides per feddin (about an acre) against an acreal cost of some

E£160 per feddan. Dr Khedr estimated that the 34 per cent March 1 price increase: would mean a net gain to cotton farmers of about Ef400 per feddan. Even taking into account subsidised inputs, however, this represents at best a return to farmers of about 85 per cent of the world

Dr Shamel Ahaza, the President of the Alexandria Cotton Exporters Association believes that the system designed to provide consumers with lowcost fabrics — three-quarters of subsidised production is ear-marked for local mills -

makes no sense for a country starved of foreign exchange. Dr Abaza, whose organisa-tion comprises nationalised cotton marketing companies, commented recently that "such low prices which are designed to subsidise the domestic spinning mills are reflecting adversely on inland buying prices to the detriment of culti-

Representatives of cotton marketing organisations are particularly concerned that Egypt, because of the contin-ued reduction in amounts of premium extra long staple available for export, may be losing its position as the preeminent supplier of quality cotton to the world market.

Amounts available for export in 1988 dropped by almost 30 per cent to 1.2m kentars compared with the year before. Lit-tle recovery is expected this year. In spite of these gloomy forecasts, however, the Government appears reluctant to risk annoying Egypt's hard-pressed consumers by raising prices.

Dr Atef Sedki, Egypt's Prime Minister, told Parliament recently in a debate about worrying trends in the country's cotton production that prices should be raised to "reach the real market price, but that should be done very gradually." Until that happens cotton production is likely to

LONDON MARKETS

COCOA prices closed yesterday at the lowest levels for almost seven months as a French trade house sold nearby positions. The July contract finished £15 down at £746 a tonne after recovering from a day's trading low of £739. Dealors said the market was confused as the same trade house had boen a buyer on Tuesday, "Nobody quite knows whether this is linked to physical activity or not...there seems to be a lot of technical trading going on." one commented. In contrast, coff prices lumped on news of an indefinite dock strike in Brazil and a firm dollar But gains were tempered when New York arabica prices failed to rise as much as expected on the Brazilian news. On the LME, nickel prices fell below \$15,000 a tonne in the morning on influential merchant selling. SPOT MARKETS

35-01		
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Dubai Brent Blend W.T., (1 pm est)	\$18,20-7,30q \$19,75-9,95z \$21,03-7,08q	475
Oil products (NWE prompt delivery per in	onne C(F)	+ or-
Premium Gasoline	5294-296	+2
Gas Oli Heavy Fuel Oli	\$158-160 \$97-100	
Naphiha	\$185-187	+2
Petroloum Argus Estimates		74
Other		+ 07 -
Gold (per bey ez) 🎝	\$384.0	-1.5
Silver (per troy ezi	578c	-4 +2.75
Piatinum (per troy oz) Palladium (per troy oz)	\$548.00 \$188.85	-090
Palladidili Iger 1709 027		7/10/
Aluminum (free market)	\$2205	-70
Copper (US Producer)	1457, 4840	+ %
Lead (US Producer)	37.5c	
Nickel (free market)	670c	-35
Trn (European free market)		-40 +0.21
Tin (Kuala Lumpur market) Tin (New York)		-2.00
Zinc (US Prime Western)	403 75C	~~~
Carlle (live weight)?	120.18p	+ 4.13
Sheep (dead weight)?	264,490	+ 15 6
Pigs (live weight)t	88.04p	+2.87
London daily sugar (raw)	\$307u	-3
London daily sugar (white)	\$340.5u	-1.0
Tate and Lyle export price		-1.5
Barloy (English feed)	w4012	
Maize (US No. 3 yellow)	£134	
Wheat (US Dark Northern)	£125.75x	
Rubber (spot) 🖤	58.00p	-0.25
Rubber (Jun) *		-0.25
Rubber (Jul) 🖤		-0.25
Rubber (KL ASS No 1 May		-1
Coconut all (Philippines)§	\$560u	
Paim Oil (Matayslan)§	\$397.5a	
Conce (Obstantantal	44r4	

r-ringgit/kg. v-Apr/Jun. u-Mey/Jun.

q-Jun. v-Apr/May, w-Aug. z-May, fMest Comtvorage letstock prices. " change from s week ago. Whenden physical market &CiF ardam 春 Bullion market close. m-Malay-conts/kg.

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price fo	r Apr 25: 1 26 984.92	981.27 (975 9 1987 831	i.14):10 day averaç
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Jan Mar	1060	1058	1060 1065
May	1060	1058	1064
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Apr 23 Jveradi	: Comp. o 117.75 (1	њиу 118-39 17.52)	- (119.azi . 15 6 4
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Rew	Close	Provious	High/Low
May	267.00	275.40	
May Aug	267.00 269.00	275.40 277.40	274 40 267.00 276.20 268.60
Oct	269.00	275.60	275.00 288.60
Dec	269.00 262.00	275.00 267.40	270.00 266.00 265.60
Mar May	261.00	265.80	265.00 265.00
White	Close	Previous	High/Low
Aug	333.00	337.00	336.50 333.00
Oct	323.00	327.00	326.00 323.50
Oct Dec	320.00	322.00	
Oct Dec Mar	320.00 312.00	322.00 316.00	314.00
Oct Dec Mar Turnow White 4	320.00 312.00 er: Raw 6 20 (964) .	322.00 316.00 955 (3606)	314.00 lots of 50 tonne
Oct Dec Mar Turnow White 4 Paris- V	320.00 312.00 er: Raw 6 20 (964) . White (FFr	322.00 316.00 955 (3606) per tonne):	314.00 lets of 50 tonne Aug 2120, Oct 205
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ent of wool market risk is much

element or wool market make is much reduced. The Australian dollar is thus closely watched. A little weaker agains sterling over the weekend, it subseque strengthened in alignment with the US dollar. Trading is very competitive and is widespread below-capacity working.

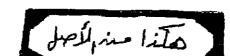
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00	Nov	105.30 107.75	107.60	105.45 105 107.95 107	7.65
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PE OH	IT FUTU	RES \$10/1	ndex point		Old Sov. Noble Plat	90-91 551,75-561	5	34,-54 25,4-330	1.85
	Close	Previous	a High/Low		Silver fix	p/fine oz		S cts e	
lpr	1625	1621	1625 7620		Spot	340.35		77.75	72.7
Jay kul	1625 1400	1613 1390 ·	1625 1612 1400 1390		3 months	351.56		32.55	
)et	1490	1492	1495 1488		6 months	362.85	60	07.90	
an Ipr	1526 1575	1530 1580	1530 1525 1576		12 months	385.75		39.60	
iFI .	1675 1622	1621	1010	_	LONDON NEET		GE TR	ADED C	PTION
umove	r 310 (30	4) .			Aluminium (9)		ulis.		tuts .
MAJNS	C/lonne		,		Strike price S 2100	138	Jul 180	May 2	Jul 20
Theat	Close	Previou			2200	57	109	21	72 119
lay un	117.50 119.40	118.00 119.90	117.70 117. 119.76 119.	Õ	2300	14	70	.78	178
ep	105.30	105, 15	105.45 105.	25	Copper (Grad	<u>:' :</u>	##\$	P	rits
lov ar	107.75 110,90	107.60	107.95 107. 110.90 110.	76	2900	185	185	2	89
ler	113.90		113.90		3100 3300	37 1	92 38	53 216	192 335
ley 	117.30		117,30		LONDON FOX			_	
arley	Close	Previous			Sugar No. 6	Cı	ilis		uts
lay Sp	108.40 103.00	108.25 102.90	108.75 108.		Strike price \$	tonne Aug	Oct		
lov lov	106.00	106.00	103.25 103.1 103.25 106.	no				Aug	Oct
	109.15	109.15	109.15 109.	10	270 280	15.85	25,95		26.95
	111.65	111.65	111 65 111.	,,,	280 290	12.45 9.85	23.05 26.65		34.05 41.65
	- Wines	365 (201) 100 tonne	, Barley 101 (<i>i</i> s.	56).	Coffee	Jul	Sep	Jui	Sep
umove	r lots of				1000	141	114	3	22
umove:	r lots of	ementi or	ka			99	80	11	38
umove:	r lots of	Previous			1050 1100	64	54	26	
umover umover VAS (C.	ash Settle Close 107.5	Previous 107.5	High/Low 107.0						62
umove	esh Setti Close	Previous	High/Low		1100	64	<u>54</u>	28	

						·			
U	SM	ARKI	ETS		Sep	18.10	18.43	18.48	18.10
_					Oct Nov-	17,79 17,60	18.04 17.76	· 18.06 · 17.80	17.74 17.80
IN 7	HE ME	TALS, go	d and sil	ver .	Dec	17.45	17.58	17.60	17,40
			th prices		Jan Mar	17.21 16.86	17.31 17.01	17.33	17,21
				Burnham ed on late	. ——			17.10	16.86
			ing. Buy		HEAT			da, centa/L	es della
ralii	led the p	munitak	over 8 do	llars. In		Labort	Previous	High/Low	
the	softs, pi	rices fell	in all ma	kets.	May	5160 5010	5206. 5075	5270 . 5130	5145
Sug	ar was	pressure	d by local	selling	Jul	4935	5001	5060	4965 4910
ang eell	IACK OT	mesh buy	ing. Spec		Aug	4950	5010	5065	4930
Man	contra	ctiost 45	in heavy	sasune volume	Sep Oct	4980 5050	5055 5110	5110 5160	4980 5060
Lon	g liquida	tion san	k the coft	98 88	Nov	5150	5165	5220	5140
			Tuesday:		Dec Jan	5175 5190	5220 5245	5225 5190	5166
The	livestoc	ks had p	ork bellie	s rally on					5150
			rest along		4000		es;\$/torme:		
loce	essed v	acker de acker de	add strei mand kep	igin. thee		Close	Previous	High/Low	_
prio	es stead	v. Cattle	futures h	ad a	May Jul	1275 1215	1320 1240	1500 1225	1275
mbe	ed day.	in the gra	uns, the	ovbean	Sep	1208	1230	1218	1210 1202
COM	plex ros	e as trad	le focuse	d on	Dec	1215	1239	1222	1213
			. Com wa	15	Mar May	1213 1225	1237 1247	1224 1227	1210 1221
		y the Sov			Juj	1215	1240	1225	1210
			. Wheat ; an tender		Sep	1258	1272	.0	<u>C</u>
			May where		COFFE	连 "C" 37	,500lbs; cer	rts/Ibs	
dow	n 3½ ce	in <u>is</u> .	,,	K Olobby		Close	Previous	High/Low	
				-	May	140.62	141.82	143.20	140.0
Ne	Y W	ork			Jul Sep	133.69 127.16	135.63 129.32	137.40 130.76	132.50
					Dec	123.21	125.50	126,65	123.2
GOLD	100 tray	OZ.; Sitroy	9 <u>2.</u>		Mar May	121.33 119.86	123.00 122.76	124.00 123.50	721.0
	Close	Previous	High/Low		Jul	120.63	123.50	0	123.5 C
Apr	385.3	385.7	386.2	384.8	Sep	117.13	120.00	0 .	0
May Jun	385.4 388.2	386.0 388.8	0 389.6	g · 387.1	SUGAL	R WORLD	"11" 112,0	00 lbs; ceni	a/lbs
Aug	392.6	393.3	383.3	391.2		Close	Previous	High/Low	
Oct Dec	397.8 403.0	396.6 403.9	398.5 403.5	397.2	May	12.21	12.50	12.50	12.15
Feb	408.2	409.2	407.5	401.8 407.5	. Jul Oct	12.17	12.47	12.45	12.15
Apr	413.6 418.9	414.5 419.9	0 420.B	6	Jan	12.06 11.72	12.84 12.00	12.30	12.05
				420.0	Mer	11.71	11.00	11.94	11.70
PLAIR		roy oz; S/tro			May Jul	11.65 11.63	11,97 11,93	11.93 0	11,92 0
	Close	Previous	High/Low		COTT		cents/lbs		<u> </u>
Oct Jul	557.3 555.3	548.3 548.3	560.0 556.5	531.0 549.0		Close	Previous	High/Low	
Jan	555.3	546.3	655.0	555.0	May	64.15	64.95	64.90	64,11
Apr	557.3	548.3	<u> </u>	<u> </u>	Jul	65.10	65.84	65.99	85.01
SILVE	99 5.000 tr	y oz. cent	viroy oz.		Oct Dec	65.65	66.10 65.46	66.30	85. <u>85</u>
	Close	Previous	High/Low		Mar	65.10 66.00	65.90	65.65 68.26	65.05 88.00
Apr	576.3	578.9	577,0	577.0	May	66.26	66.36	66,52	66.30
May Jun	576.3 681.6	579.5 584.8	579.0	676.0 0	Jul	66.90	86.50	66.90	98.20
Jul	587.4	590.7	580.0	586.G	ORAM		15,000 ibs:	cente/ibs	
Sep	595.2	601.5	802.0	598.0		Clase	Previous	High/Low	•
Dec Jan	613.7 618.7	617,3 622,3	0 618.0	613.0 8	May	175.10	174,00	175.00	173.6
Mar	626.9	632.5	631.0	625.0	Jui Sep	179.00 175.45	176,35 174,75	179.00	177.3
May	639.3 840 0	642.9	642.0	642.0	Nov	163.50	182.25	175.45 183.60	174.2 162.2
==	******	503.3	<u> </u>		Jen	150.35	158.15	159.40	158.5
COPP		lbe; cents/	ibe		Mar May	158.90	157,75	168.00	155.00
	Close	Previous	High/Low		Jul	168.75 158.76	157,60 167,60	0	9
Apr	139.10	138.75	139.10	138.20	Sep	158.75	157,60	ō	ē
May Jun	139.00 137.20	138.30 138.85	139.20	136.80	<u> </u>				
الال	135.40	135,40	0 135.50	0 1\$4.20	IMP	CES			
Sep	130.40	130.60	130.40	129.00	REUT	ERS (Bas	e: Septemi	ber 18 <u>1931</u>	- 100
Dec	124.40	124.00	125.00	123.00		Apr 25	Apr 24	minth age	yr 80
CRUD	ᄄᅄᇿ(나	PH) 42,000 I	IS galla \$/t	errei	1	2028.7	2033.1	2003.1	1749,
	Latest	Previous	High/Low		DOW			31 1974 -	_
Jun	21,11	21.41	21.60	21.01	- 5				
Jul	19.55	19.86	19.96	19.42	Spot	137.61 85 139.27	138.18 139.41	137,57 139,12	128.0
Aug	18.57	18.99	19.04	18.55	1				
						-			

		<u> </u>		
Ch	icag	0		_
SOYA	BEANS 5.	000 bu mia; a	cents/60to b	ushel
· . 	Close	Previous	High/Low	
May	740/4	732/4	741/0	734/4
Jul [*] Aug	742/0 737/6	736/2 732/4	743/6	738/0
Sep	720/2	718/2	740/D 724/0	733/4 716/0
Nov	71Q/4 719/0	707/4 716/6	714/4	705/4
Mar	729/0	725/0	723/0 731/4	715/0 722/0
May	733/0	729/0	735/0	728/0
SOYA	BEAN OIL	60,000 lbs;	cents/lb	
	Close	Previous	High/Low	
May	23.15 23.80	22.88	23.27	22.97
QuA	24.07	23.46 23.73	23.88 24.11	23.58 23.85
Sep	24.30	23.95	24.36	24.10
Dec	24.40 24.65	24.15 24.40	24.45 24.80	24.30 24.55
Jan Mar	24.76	24.50	24.85	24.70
	25.05	24,95	25.15	25.05
SOYA	BEAN ME	AL 100 tons;	S/ton	
·	Close	Previous	High/Low	
May Jul	225.4	224.7	226.0	223.8
Aug	223.7 220.7	223.1 220.2	224.3 221.6	222.1 219.0
Sep	217.2	217.7	218.2	215.0
Dec	213.0 211.7	213.2 212.5	214.0 213.0	211.5 210.0
Jan Mer	211.2	212.0	212.5	210,5
	211.2	212.0	211.5	210.5
******	Close	min; cents/5		
May	265/6	Previous 2640	High/Low	-
Jul.	268/4	267/0	265/6 269/0	263/6 266/6
Sep Dec	262/0 261/2	260/4 260/2	262/2	260/4
Mar	267/6	200/2 208/6	261/6 267/6	260/0 266/0
May Jul	268/6 270/4	287/6 270/0	269/2 271/0	268/0 270/4
		min; cents/	•	2144
	Glose	Previous	High/Low	
May	411/0	414/4	414/4	407/6
Jul [*] Sep	402/4 409/4	404/0	404/4	399/0
Dec	422/2	411/4 423/6	411/4 424/0	406/6 419/0
Mar May	428/2 419/4	430/0 421/4	429/4 419/4	425/0 418/0
		,000 lbs; ceri		71010
	Close	Previous	High/Law	
Jus	70.52	70.52	71.35	70.60
AUG	67.37	67,32	88.10	67.32
Sep Oct	68.75 68.97	68.50 68.97	69.00 69.50	68.70 68.90
Dec	70.17	70.17	70.50	70.00
Feb	70,75	70.80	71.00	70.52
		AD IL A	-	
TAKE K	10.08 80.01	N 10: COMS/		
TIVE	Close	Previous	High/Low	
Jun	Close 46.77	Previous 46.60	High/Low 47.20	45.t2
Jun Jul	Glose 46.77 47.47	Previous 46.60 47.50	High/Low 47,20 47,95	47.37
Jun Jul Aug Oct	Glose 46.77 47.47 48.15 42.77	Previous 46.60 47.50 46.12 42.45	High/Low 47,20 47,95 46,47 43,20	47.37 45.92 42.50
Jun Jul Aug Oct Dec	Glose 46.77 47.47 48.15 42.77 44.77	Provious 46.60 47.50 46.12 42.45 44.47	High/Low 47,95 48,47 43,20 46,15	47.37 45.92 42.50 44.60
Jun Jui Aug Oct Dec Feb Apr	46.77 47.47 48.15 42.77 44.77 46.35 44.90	Previous 48.60 47.50 48.12 42.45 44.47 45.90 44.90	High/Low 47,20 47,95 46,47 43,20	47.37 45.92 42.50 44.60 45.95 44.75
Jun Jul Aug Oct Dec Feb Apr Jun	46.77 47.47 48.15 42.77 44.77 46.35 44.90 47.40	Previous 46.60 47.50 46.12 42.45 44.47 45.90 44.90 47.12	High/Low 47,20 47,95 48,47 43,20 45,15 46,40 45,10 47,70	47.37 45.92 42.50 44.60 45.95
Jun Jul Aug Oct Dec Feb Apr Jun	46.77 47.47 48.15 42.77 44.77 46.35 44.90 47.40	Previous 48.60 47.50 48.12 42.45 44.47 45.90 44.90	High/Low 47,20 47,95 48,47 43,20 45,15 46,40 45,10 47,70	47,37 45,92 42,50 44,60 45,95 44,75
Jun Jul Aug Oct Dec Feb Apr Jun	46.77 47.47 48.15 42.77 44.77 46.35 44.90 47.40	Previous 46.60 47.50 46.12 42.45 44.47 45.90 44.90 47.12	High/Low 47,20 47,95 48,47 43,20 45,15 46,40 45,10 47,70	47,37 45,92 42,50 44,60 45,95 44,75
Jan Jul Aug Oct Dec Feb Apr Jun PORIK	Close 46.77 47.47 48.15 42.77 46.35 44.90 47.40 BELLIES 4 Close \$2.65	Previous 48.60 47.50 48.12 42.45 44.47 46.90 44.50 47.12 0,000 ibs; or Previous 31.67	High/Low 47,20 47,95 48,47 43,20 46,15 46,40 45,10 47,70 High/Low 32,80	47.37 45.92 42.50 44.60 45.95 44.75 47.15
Jun Jul Aug Oct Dec Feb Apr Jun PORIX	Ciose 46.77 47.47 48.15 42.77 46.35 44.90 47.40 8ELLES Ciose 32.65 32.77	Previous 48.60 47.50 48.12 48.12 48.47 45.90 44.47 45.90 47.12 40.000 ibs; or Previous 31.57	Highs.ow 47.20 47.25 47.85 48.47 45.20 45.15 45.40 47.70 WHIGHYLOW 32.50 32.50	47.57 46.92 42.50 44.80 45.96 44.75 47.15 31.85 32.15
Jun Jul Aug Oct Dec Feb Apr Jun PORK	Close 46.77 47.47 48.15 42.77 46.35 44.90 47.40 BELLIES 4 Close \$2.65	Previous 48.60 47.50 48.12 42.45 44.47 46.90 44.50 47.12 0,000 ibs; or Previous 31.67	High/Low 47,20 47,95 48,47 43,20 46,15 46,40 45,10 47,70 High/Low 32,80	47.37 45.92 42.50 44.80 45.95 44.75 47.15







More and more companies in every business sector are realising that the collection and careful

customers is an important key to their marketing future, but the technique raises sensitive issues, as Philip Rawstorne reports here.

us/ of information regarding their

Entering a new era

DIRECT MARKETING, for long the poor and often despised "below-the-line" relation of advertising, is now coming into

its inheritance.
In the United States – its traditional home – it has already done so. More than half of the \$118bn spent on advertising in the US last year went on direct response media Direct response television is now the fastest growing sector.

The consumer market is fragmenting, which means that brand advertising to the whole market is no longer enough. Different market segments and, ultimately, individual on-sumers must be addressed ep-

The development of the computerised customer database is giving direct marketers the technology to do so. More and more companies in every busi-ness sector are realising that the collection and manipula-tion of information about their customers is the key o their marketing future. The data-base is the engine that will

drive sales and growtl.
As computer hardvare and software have becom cheaper, the range of consumer information available to business has become ever nore exten-

The company which knows its own customers - their names, addresses, ages, occu-pations and buying habits can better satisfy their needs and wants, and retain their loyalty. With a profile of its existing customers, the company can then turn to thou-sands of computerised lists of for sale, rent or exchange - to find prospects with similar

WMI/Worldata, one US list broker, for example, publishes a catalogue of more than 15,000 lists for rent - lists of compa-nies and individuals in virtually every field from architects and butchers to wine merchants and woodworkers. Mardev, a list management company founded in Geneva in 1971, offers 20,000 combinations of data from 3,000 lists in Europe.

Consumer and business lists can be broken down by geo-graphic area, by annual sales or purchases; people who have already responded to direct mail offers can be identified and the amount and frequency of their spending — "If you are selling a \$300 product, you do not want a list of people who have ordered something for \$5," the WMI catalogue



INTERNATIONAL

Direct Marketing

Another US list company, Denver-based NDL, has pio-neered the compilation of data on the lifestyles of consumers. Its Lifestyle Selector lists consumers - 20m in the US, 3m in Britain - not only by demographics but by household income (How is that obtained? "We ask them," says Mr Jock Bickert, chief executive.) and by 140 different hob-bles, interests and leisure pur-

In the US, a company can use its lists to target, for exam-

ple, 4.3m anglers, 3m golfers, 2m wine buffs, 2m gardeners, and im stamp collectors.
The technology of the collection, storage, revisal, and out-put of such information is by

no means perfect. But, more serious, according to leading direct marketers, is that business generally still manages and uses its database assets ineffectively. The potential for sales, market research and testing, new product development and brand building is far from being fully exploited.

Mr Graeme McCorkell, director of List Management Services of London, says:"A one-to-one marketing database is but a poor imitation of the Victorian shopkeeper's address book and his personal knowledge of his customers' foibles until we learn to use it with the same sensitivity, and picture our 'names' as real people.
"To do this requires a

change of philosophy on the part of the manufacturer or service provider. We have the means to treat people as individuals; we have still to learn that we should treat them as important " He adds:"For a time, the manufacturer was king - and mass media advertising enthroned him, reducing the role of the retailer, the service provider...but the Western world has moved on, and now

we see a world in which the

cesses as the still frequently

consumer is once more prepared to pay for service, a world in which the provider of service rules." The direct marketing industry, itself, also has much to learn about using the new pro-

low response rates to database marketing show.

Databases will make direct

marketing a more essential and valuable tool - but US and valuable tool — but US 'guru,' Mr Lester Wunderman, and other leading industry figures believe its future lies in its successful integration into marketing campaigns with other processes from market research and image advertising to sales proposition.

to sales promotion.

Mr Walter Schmid, a founder of the annual Montreux direct marketing symposium, now celebrating its 21st anniversary, agrees: The marketing database is not an unqualified blessing. It brings with it many problems which we must address and solve."

Among these the question of privacy looms large – "we must ask ourselves," says Mr Schmid, "at what point does the commercial use of data become an abuse of an individ-

"And at what point does a government or political party's espousal of 'data protection' come, in fact, protection for the individual from substantial commercial and service benefits, and an unwarranted restriction of communication?

"Data protection is undoubtedly the biggest challenge for our industry...proper use and sensitive restraint are the keys to success.

The privacy issue is hardly a new one for the industry, how-ever, and there is general recognition that public concern about the security of computer-ised data, especially financial information, and the growing use of telephone marketing must be better handled than past complaints about "junk

"The potential that technology holds for consumer benefit and growth in our industry will never be achieved tomorrow unless we, as an industry, safeguard privacy today," says Mr Dennis Benner, vice-president of the California lists company, TRW Target Market-

"If we abdicate our responsibility to solve emerging prob-lems, ultimately the legislators and regulators will select our products and our technology." It is with such thoughts in

mind that industry associations in the US, Britain and Europe are constantly reviewing marketing practices and co-operating with government in enforcing standards.

Gaining the consumer's confidence is an obvious priority for an industry which wants to sell to them; and though the process may have been slow, there are clear signs that it is

The industry's image has been improved by some of its more recent but enthusiastic clients - the financial institutions, conservation groups, and

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M ON PAGE TWO: ☐ Direct mail: still the backbone of the industry. Surge in telemarketing: Europe follows the US lead ☐ Applications in politics: European parties view US techniques with envy and

☐ Direct marketing league table by turnover.

IS ON PAGE THREE: ☐ The US market new ☐ Case study: hotel group's conversion to direct marketing.

New technology: coping

BON PAGE FOUR: ☐ European developments.☐ Case study: How French videotext system offers thousands of services to

with an ever-growing volume

☐ The illustration on this page is by John Batten.

And the year-on-year growth of the industry suggests a growing acceptance of the medium. When telemarketing in the US creates \$170bn worth of business-to-business and consumer sales, and direct mail another \$117bn; when £7bn worth of goods are bought through the post in the UK; and when the volume of direct mail in France has risen by 70 per cent in six years, direct marketers are obviously meet-ing the needs of many millions

Direct marketing is now pushing into new business areas, such as consumer durables and packaged goods, but while its techniques are practised worldwide, the industry still operates largely on a national basis.

The advent of the single European market in 1992 may stimulate more cross-frontier activity. Many US direct marketers are looking at the possi-bility of following such pioneers as Reader's Digest and Time-Life into the European market; and some British direct marketers are already running pan-European cam-

paigns.
Printronic Corporation (UK), for example, built the software for a single pan-European mail-ing for the Financial Times, nine years ago. Within the next five years it was being used successfully by other publish-

Mr Nicholas di Talamo, Printronic director, says: "It is my understanding that the UK is the only centre to offer the software for all the EC coun-Continued on page 3



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Philip Rawstorne highlights the dramatic growth in telemarketing

Europe follows US lead

SOME \$49bn was spent by US business last year on telephone marketing - more than twice as much as it spent on televi-

In the past five years, the number of people employed in telemarketing in the US has doubled to more than 2m. During the past decade, the num-ber of telemarketing agencies has grown from fewer than 80 to more than 500.

Last year, 21 years after American Telegraph & Tele-phone introduced the toll-free 800 telephone service, consumers made more than 6bn calls to the half million toll-free numbers now available. Harrods's, the London department store, currently receives more than 350 calls daily on its international 800 number.

These figures illustrate the dramatic growth in the use of the telephone as a marketing tool in the United States. And in Europe, Australia and Japan, the US lead is being rapidly followed. Telemarket-ing in Britain is now a £60m industry. Fifty-one per cent of all British companies used telemarketing last year compared to only 27 per cent in 1986.

The telephone's advantages as a fast and convenient instrument both for generating sales and fulfilling them have long been recognised. Many companies set up telesales operations during the 1940s when their salesmen were drafted into the

But telemarketing today has developed into a more mature and sophisticated business. combining high technology with personal service as an integral part of the marketing mix. Its uses are extending into market research, test marketing of new products and services, customer care, and

building brand loyalty. Like direct mail, it has assumed greater importance as become segmented and more and more companies have been forced to target many different consumer groups, each with special needs and interests.

The advent of computerised marketing databases - now established by 90 per cent of Britain's top 250 advertisers -has provided telemarketers with the essential technology to fulfil its potential. To move, in the words of Mr Tony Coad, managing director of NDL International, a US-owned

Telephone marketing has now developed into a mature and

database company, towards the marketing ideal of reaching "consumers as individuals, respecting and nurturing their personal tastes and needs." The telemarketer now has

rapid access to the information needed for a dialogue with the customer. When anyone rings a toll-free number in response to a press or television advertisement, the telemarketer whether in-house or agency - can refer with the aid of a computer screen to previous orders and preferences, answer questions about merchandise, and

adonal Airline

ES TAILOR

Leaders in the UK telemarketing league by turnover

THE TOP 14 in the UK telemarketing league table by turnover in 1988, according to a review of the sector in March issue of 'Marketing magazine, were:

. BT Telephone Marketing Services; turnover, £20m plus; founded 1983; subsidiary of British Telecom; major clients include Du Pont, COI; AA. 2. Programmes Group: turnover, £4.03m; founded 1981; privately owned.
3. Decisions Group; turnover £2.2m; founded 1983; privately owned; major clients include Rank Xerox, Red Star Parcels;

4. Audiotext; turnover £2m plus; founded 1985; publicly quoted; major clients include Wincanton; De Beers; Daily

5. Golley Stater Telephone Marketing; turnover £2m; founded 1983; subsidiary of Golley Slater and Partners.

6. Contact 24; turnover, £1m; . Merit Direct; turnover, £990,000: founded 1985. Telechasers; turnover. £573,000, founded 1983. 9. Procter and Procter:

turnover, £541,000; founded 10.Tele Resources; turnover £500,000 (est); founded 1987, Tele Resources: turnove £500,000, est; founded 1987. £350,000; founded in 1981. 12. Stormark; turnover, £300,000; founded in 1984. 13. Knight Sales and Marketing, turnover £305,000; founded in 1984.

*Marketing: 22 Lancaster Gate, London W2 3LY.

14. Commercial Breaks;

turnover £100,000; founded

inform the customer about prices and delivery dates.
Companies considering the introduction of new products or services can ask their customers directly if they would be interested in buying them if they were available.

New information about cus-tomers and their needs can be constantly collected to add to the database.
Telemarketers now have the

technology - automatic routing of incoming calls and dialling of outside numbers - to handle thousands of customer contacts a day; and much more attention is being given to improving personal service by training that includes sales skills and product knowledge. Carefully drafted scripts on marketers through the dialogue with the customer -Forget grammar rules. Forget impressive and long words. People usually talk in short sentences," says Mr Robert Leiderman, former managing director of British Telecom's Telephone Marketing Services.

trate how effective the process General Electric of the US used telemarketing to improve customer care. In 1982, it

opened a customer information

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A couple of examples illus-

with a staff of 25, answering 1,000 consumer calls a week Questions ranged from lo-it-yourself repairs to instal lation assistance. The round-the-clock service, with access to a database of 750,000 product entries, now has a staff of 250 answering 50,000

Mr N Powell Taylor, the centre's manager, says the service has enhanced GE's image. improved sales and market share, and reduced product warranty costs.

In Britain, the newly-formed telemarketing company, Adlink, was used by Philips Consumer Electronics last year to support an advertising campaign for a new range of TV sets, videos and hi-fi systems, by providing callers with information on dealer location and distributing brochures.

Adlink also invited respondents to a Linkline 0800 num-ber to answer a brief market research questionnaire that gave Philips and its advertising agency, Ogilvy & Mather, a valuable profile of consumer electronics buvers.

Inbound calls dominate busi-ness-to-consumer telemarketing. Research in the US shows that two-thirds of the population is happy about buying just about anything from clothing and magazines to records and seeds this way.

According to one conservative estimate, which excluded all travel and hotels telemarketing, such calls led to \$29bn sales in the US last year. With the hectic lifestyle of many of today's families, the convenience of telephone shopping would appear to guarantee much more future growth.

Outbound calls to consumers, by contrast, last year resulted in sales of \$4.7bn. Surveys suggest that consumer resistance to unsolicited calls remains high — some 60 per cent dislike them, and detest in particular, automatically dialled recorded messages. But such calls in the US still raise millions of dollars for political and charitable purposes; and attitudes of the 18-35 age group towards them are noticeably less hostile than those of older

groups. Florida last year enacted an

Fifty-one per cent of all British companies used telemarketing

'asterisk" law ~ enabling telephone subscribers to have a 'no unsolicited calls" notation against their names in the phone book and so require telemarketers to delete them from their lists. By the end of the year, only 1,500 out of 3.5m had registered their objections. But many other states have introduced similar bills; and New York enacted a three-day 'cooling-off" period for tele-

The US Direct Marketing Association, in an attempt to

Leaders in the UK direct marketing league by turnover

THE TOP 13 leaders in the UK direct marketing league by urnover - listing the rank and turnover in 1988, (with the 1997 ranking in brackets), according to Marketing Magazine:

1. (1): Watson Ward Albert Varndel; turnover, £25.6m. Founded in 1981; major clients include IBM, Sun Alliance, AA.

2 (3): HLY Grey Direct turnover. 2 (3): HLY Grey Direct; turnover £22.7m; founded 1974; major clients include Midland Bank. Fine Art Development, Roya! Life, Scotcade, The Insurance Service. 3 (2): Ogilvy and Mather Direct, turnover £18.02m; founded 1977; major clients include American Express; Rank Xerox; British Telecom

THE TOP 13 leaders in the UK

£ Evans Hunt Scott; turnover £13.2m; founded 1986; main clients include Commodore Computers; Barclaycard; RAC. 5 (4): Wunderman Worldwide, turnover £12.8m; founded 1986; maio cliente include Earl Efficie main clients include Ford, British Telecom: Weight Watchers. 6 (5): Christian Brann, turnover £11.9m; founded 1967; main clients include Barclays Bank; Ford; Butlin's Holiday Worlds. 7 (11); McCarthy Cosby Paul; turnover £10m; founded 1984; major clients include Burton Group, General Motors, Unisys. 8 (6); DDM Advertising; turnover figure not available; founded 1878: major clients include Barclaycard; British Airways;

Ford Parts Division. 9= (7); FCB Direct, turnover £8.5m; founded 1982; major clients Include British Airways; tercury Communications; Wates 9= (8); MSW Rapp + Collins Group, turnover £8.5m; founded

11= (9); Direct Marketing: turnover £7.2m, (company's own estimate); founded 1978; major clients include Barclaycard, Woolwich Building Society: Saab, 11 = (-); Systems Market Link; turnover £7.2m; founded 1979; major clients include Austin Rover, ICI, Hoverspeed. 13 (10); Senior King; turnover £6.94m; founded 1977; major clients include Wales Tourist Boared: Hilton International:

avert such legislation, adminis-ters a self-regulatory pro-gramme for the industry, called the Telephone Prefer ence Service, which allows telephone subscribers to get their names removed from national marketing lists. So far, some 20,000 people have

But if telemarketing has some problems there, it is experiencing no such barriers in the business-to-business sec-

Here the cost effectiveness of the process is the over-riding factor. According to McGraw-Hill research, a sales visit in the US which cost \$96.79 in 1977 had risen by 1987 to \$251.63. That compares with a telemarketer who can make 3-7 business contacts an hour at a cost of \$7-\$15 each.

By using telemarketing to

identify potential customers and to eliminate the uninterested, companies are increas ing both the productivity and efficiency of their field sales forces. Such planned outbound business-to-business telemarketing last year in the US led

addressed advertising delivered through the post -remains the backbone of the international direct marketing

industry. Despite constant gibes and protests about "junk mail" an issue now being tackled in a vigorous public relations campaign by the industry in the UK - it continues to expand as more and more businesses, using increasingly sophisticated customer databases, discover its cost effec-

In the US last year, \$21.2bn was spent on direct mail, nearly 18 per cent of the country's total advertising expenditure and little short of the amount spent on all television advertising. For the second year in succession, the indus-try recorded 11 per cent

The US volume statistics are stupendous - 60bn items weighing a total 3,254 tonnes were distributed last year. Almost half of the mall that the average US household received was advertising of one sort or another

Expenditure on direct mail in the UK last year amounted to £529.8m. That was double the 1980 figure and far higher than the combined spending on poster, radio, and cinema advertising. Estimated retail sales of £7nn flowed from it. According to the Direct Mail Sales Bureau, some 1.76bn items were delivered, about 10 per cent of the total mail. The postal strike last autumn appears to have had little effect on the year's overall volume though it badly disrupted some marketing campaigns. The volume of direct mail in

the UK has increased by 60 per cent in the last four years. But compared to most European countries, let alone the US, the average British household is not inundated with postal advertising.

On average, less than on direct mail item a week - 44 a year - dropped through the letterbox. Though higher income households, the target of most advertisers, got nearly

In the US, the number of direct mail items exceeds 60bn a year

twice that number, many more free newspapers and unad-dressed coupons and leaflets dropped on front door mats. The total volume of direct mail in West Germany (3.3bn items in 1987), and in France (2.3bn) exceeded that of the UK. In terms of items per head, only the Republic of Ireland and Portugal ranked lower than Britain, whose 29 items compared with 95 in Switzerland, 62 in Sweden, 55 in West Germany, 54 in Bel-

Mail order and department store catalogues - 9,000 of them - dominate consumer direct mail in the US.

In Britain, the financial institutions - banks, insurance, credit cards – are now the leading users. Last year, they accounted for 36 per cent of the total direct mail compared to less than a quarterthe previous year.

The advent of more well-known and respected organisations into direct marketing is helping to improve its image. Recent surveys suggest that some 60 per cent of the population is happy to



Expenditure on direct mail in the UK last year was more than \$529m, while estimated basis sales of £7bn flowed from it. Above: direct mail materials being printed at Promotion impessions, Colorgraphic's aubsidiary company at Milton Keynes.

DIRECT MAIL

Still the backbone of the industry

receive, and read, postal advertising. Those who do not want to receive it can have their names removed from mailing lists by registering with the Mail Preference Service. Last year, after an extensive publicity campaign, 56,906 people took advantage of the service, bringing the total "no direct mail" registered to 187.333.

During the same period, 1,709 wrote to the MPS asking for their names to be added to marketing lists, raising that

The Direct Mail Services Standards Board, which monitors postal advertising in the UK, found last year that "the vast majority of direct mail advertising....is legal, decent, honest and truthful."

Breaches of its code were technical and relatively minor "they cannot really be described as misleading." The Board added, however,

that there were some potentially disturbing trends notably an increase in poorly promoted timeshare schemes and a perceptible increrase in illegal lotterles coming into the country from West Ger-many, Canada and Australia. The Board applauded the professional list broking

industry for refusing to supply names and addresses to the marketers of such scher Chief Executive, Mr Michael Goodrich says:" Direct mail emanating from Europe is set to grow rapidly in the next few years and there is a need to establish a forum to provide a mechanism for settling com-

plaints about advertisements

originating in a second coun-Research by the Board and the MPS last summer suggested that "what may cause more public irritation than anything else are the present imperfections in tar-

getting. Some people clearly receive completely inappropriate advertising mail. "Advertisers generally need to invest far more in ensuring

they are using appropriate lists. List brokers, in turn, need to improve the quality of the products they market.

"Advances in this field,
matched by a less stereotyped
and patronising fashion in
which the public is
approached are likely to go a

long way towards removing the poor image from which direct mail presently suffers." Similar sentiments have been expressed by leading direct marketers in the US. Ms Emily Soell, president of Rapp & Collins USA, told a Direct Marketing Association conference in New York last

In Britain, the financial institutions are now the leading users

month:"We need to polish our

ability to be fresh, original, interesting communicators of the benefits of the product or service we're selling.

"And we need to be true to "And we need to be true to our original roots. We are salesmen; not artists, not poets. We are logicians, not shysters." But improvements in creativity will be of little use if the right person does not read the message. As experience in building and managing dot bushess improvement. ing databases increases, targetting becomes ever more precise. But there is still much room for improvement.

In the US, as much as a third of direct mail is incor-rectly addressed; and even some 3-5 per cent of correctly addressed letters do not reach their destination. The delivery of mail order catalogues is worse - an average of 14 per cent never gets through.

Since the rise in US postal rates last year, the US Direct Marketing Association has been investigating alternative means of delivery — "and we are hopeful about the prospects," says president and chief executive, Mr Jonah

future the industry will have to rely on the US Postal Service, and it is devoting more effort to seeking improveents there.

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The Post Office monopoly in he UK precludes any effective lternative for bulk mailing for many years ahead. As some direct marketers found to their cost during last year's pestal strike, private carriers are not allowed to deliver an envelope to a specific person at a specific address for less

Mr Aian Rigg, chairman of Christian Brann, says:"The Royal Mail does in two days what anyone else would take a year to do. Direct marketing, by offinition, mass marketing — and everyone wants it at low ost. We got some quotes during the strike and it would have agant £9 a letter instead of a few pence."

Most lirect marketers are supportize of the Post Office which, wer the years, has shown itelf ready to extend and imprive its service to the

Its lates operational change
and publish the most
important I the past 25 years
was introduced last month.
Mailsort, devsed with the help of marketers uch as Mr Brian direct mailer o pre-sort and bag mail by lostcodes and hand it over to ny post office for delivery. Avertisers can save up to 32 percent of their postage bills il discounts, according to the volume of mail, the extent the which it is postcoded, and he quickly they want it delived.

"There is no mistking that this time the Pos Office means business," ays Mr Frank MacGinty, chie execu-tive of the Direct Ma Sales

Philip Rawsorne

tising - which it has use

A pilot membership recruit

ment campaign has already

started in the West Midlands,

initially involving the target-ting of ten constituencies. The

previously for campaigning.

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Applications in the US are viewed with a mixture of envy and concern in Europe

A growing aspect of modern political weaponry

THE BRIEFEST look at how the major political parties in the United States go about identifying their supporters. recruiting new ones and persuading them to part with money effectively demon-strates how much their European counterparts have yet to

The sight of a Democratic or Don't miss the flight Republican party organisation office in full swing at national or local election time is an impressive one. Huge teams of Put Virgin in Control eager helpers are drafted in to utilise every modern piece of political weaponry at their dis in a no-expense-spared bid to Why use Middlemen?

Throughout Europe, the American approach has been studied by parties with a mix of envy and concern, with the vision of apparently endless financial resources clouded by doubts about the lengths to which the US political machine will go to capture support.

There is no doubt, however, that huge strides have been made by European parties in adopting the techniques which have for years formed an integral part of the machinery of political activity in the US.

The advent of the personal computer, a relatively cheap but powerful tool, has added an extra dimension to party organisation, making the targetting of the public possible for a range of initiatives, from canvassing and membership

drives to fund-raising. In Britain, all the major parties have in recent years begun to use direct mail as part of their propaganda offensives, with varying degress of commitment and diverging results. One serious obstacle to its use has been the strictures laid

down in the Representation of the People Act which govern party political expenditure on campaigning during elections. The rules, which severly limit any significant expenditure by candidates during the course of their campaigns and any win-ning candidate falling foul of the law could ultimately forfeit The Social Democratic Party

claims to have pioneered the concept in the UK, acquiring lists of electors and targetting potential voters with potted accounts of party policy, twinned with appeals for financial support. During the period of partner-

ship between the SDP and the then Liberal party, direct mail was used increasingly extensively and effectively to help promote the Alliance. Targetting was not always accurate, however, with leading politi-cians from other parties taking great delight in refusing their postal invitations to join their opponents.

Since the break-up of the Alliance, the two former partners have adopted a different attitude to direct mail. As a political tool, its use is regarded as a very expensive option and the recent weakness of the SDP's position has meant that it has suspended the direct mail operations which once formed the core of

its campaigning operations. The party says that it intends to use direct mail again but that, given its limited resources, no major mail shots are planned. According to the SDP, direct mail can only be regarded as a longerterm investment which does not necessarily pay immediate dividends. As such, it is a tech-



Victory waves from President George Bush and his wife. Barbara. At election time, the main US parties draft in huge teams of eager helpers who use every modern technique in a no-expenses-spared bid to capture support.

nique which a party can pres-ently afford to contemplate. Over at the Social and Liberal Democrats, direct mail methods are being used extensively, despite the fact that the party has also faced enormous financial problems. Last year, it recorded huge losses in the aftermath of the Alliance split but there are plans to ensure it breaks even by the end of 1989 Party officers go so far as to acknowledge that, without direct mail, the Democrats

chances of survival would be In the new party's first year. it is estimated that as much as three-quarters of its total revenue flowed in from direct mail appeals for financial help - "it is our lifeblood", according to one official, who reckons that over a million items of litera-

ture have been sent out since early 1988 Direct mail was the princi-

doline lites

pal force behind getting the new party off the ground. If it had not been for our computer equipment and some direct arketing skills we would have gone bust."

The party's first mass-mailing brought in over £100,000 from a membership which then stood at around 60,000. The party plans shortly to expand further its direct marketing side – in particular, there are proposals for contacting poten-tial supporters by telephone. Some local parties have already adopted the technique and the next step is to consider organising a centrally-led cam-

paign.
The Democrats intend to step up direct mailing operations to help all aspects of running a modern political party, from fund-raising to membership and campaigning.
For the Tories, the experience of direct mail has been a

mixed one. After a lengthy period of experimentation, the technique has been used nationally on an irregular basis but, most effectively, for national fund-raising in advance of general election

Conservative Central Office emphasises that the party's constitution does not permit a central membership scheme, although it claims it has over a million members. Campaigns to recruit party members and raise cash are left to the voluntarily-run, local constituency

organisations to arrange.

Labour is in the process of establishing a full, national membership scheme by the end of 1991. At the same time, it is in the early stages of a mambership reconsistent drive membership recruitment drive intended to boost membership from under 300,000 to a million or more by the time of the next general election. The campaign is being her-

alded as the largest and most sophisticated recruitment drive ever undertaken by a British political party. The party will be using communications techniques - direct mail, broadcasts, press and cinema adver-

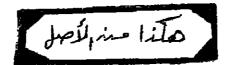
plan includes the distribution of 300,000 postcards and leaf-lets, followed by targetted mail But although the party intends to use direct mailing techniques as part of its cam-paign, it retains reservations about their cost-effectiveness. The formula is regarded as a very expensive option. although Labour employs it increasingly in fund-raising campaigns and to target specific interest groups, such as women, young people and the

The overall picture suggests that direct mail will continue to have a role for most of the major parties, but that the prospect of continuing budget ristraints alone means that its Use is unlikely to be repeated or anything like the scale achieved in the United States.

Michael Cassell Political Correspondent







DIRECT MARKETING 3

State governments in the US are hoping for action over the 'lost revenue' from home shopping

Taxation and legal controls pose threat

DESPITE its traditional place in US business and society, the continuous, successful growth of the direct marketing industry is now provoking serious legislative threats to its

operations.

The US Direct Marketing
Association is currently tax springs from the phenom-

engaged in a robust national campaign to avert the intro-duction of a federal "use tax" string the industry and have far-reaching effects on consum-

Technology can help to exploit the non-stop flow of data

How to cope when the facts get in the way

ACROSS every area of business, the trend is towards intensified competition. Domestic markets are shrinking while international markets develop, and customers demand higher levels of ser-

vice and quality. There is increasing pressure on marketing organisations to compete by adopting technology. This pressure comes not only from equipment manufac-

One of the leaders, Arthur Andersen, has embarked on a programme of research and development into the application of information technology in marketing and sales ('Itims') which it claims runs to millions of pounds.

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Andersen Consulting argues that customers are showing a clear preference for more convenient channels through which to buy products and sercharacteristics of marketing media are changing rapidly.

Dr Robert Shaw, manager of the marketing group at Andersen Consulting, says: "When I joined Andersens in 1982, a lot of the functions were embodie in the marketing end of

accounting systems. They were mainly doing things like order-processing and accounts-receivable. Since then a lot more interest has

Dr Shaw has observed two main trends: customer databases or database marketing, and sales productivity and efficiency-type applications.

Andersen Consulting has produced what it claims to be first comprehensive guide to marketing software, ITIMS '89, in conjunction with Marketing Week. The guide identifies and categorises more than 100 packages obtainable in the UK. "What I have noticed is that a lot of companies are building big mainframe-based customer databases. Where those efforts

Having an adequate database helps the company to make the right offer to the right person at the right time'

have been led by the data pro-cessing departments, the mainmuch the focus of what the company is doing."

One of the main problems facing sales and marketing management is the effective handling of masses of data on customers, products, sales, competition and channels data which can dissipate management time and distract rather than focus marketing attention.

Another problem is the integration of the wide variety of data encountered, including direct mail, telephone contact, inquiries, sales visits, orders, returns and complaints, and the co-ordination of complex relationships between relationships between research, plans, schedules and Finally there is the problem of collecting and delivering information tailored to the individual needs of large numbers of researchers, statisticians, planners, agencies, marketing managers, sales managers, mailing houses, telemarketers, field sales, dealers and customers, all of whom want the right information in the right place at the right time. Personal computer devel-opments have tended to lead

that side of marketing. DP departments are usually a little shy about using per-sonal computers, but when it comes to analytical capabilifies, these are usually better carried out on PCs.

"The range of functions available on PCs is quite broad, whereas mainframebased applications tend to be

There has been an upsurge of interest in mapping, demographics and

lifestyle profiling'

inflexible. The best systems combine mainframe numbercrunching to do the heavy database work and the PC for analysis.

marketing related.

"There has been an unsurge and PC. The PC is used as an of interest in areas like geo and user tool while the main graphical mapping," demo-batches."

Structured

"SQL is the crucial technical link between the mainframe and PC. The PC is used as an of interest in areas like geo and user tool while the main praphics and lifestyle profil-batches."

Structured

(SQL) originated from IBM but is now virtually in the public domain as a standard for interrogating large databases. SQL is an advanced relational database language that operates on data as logical sets called rela-tions or tables.

The fourth version of the world's best-selling PC data-base product, Ashton Tate's dBase IV, now comes with SQL. The SQL language allows users to create another type of table called a view. An SQL and columns of one or more existing tables - a "virtual table" which does not itself

actually contain data. The user specifies the data wanted from a table rather than the procedure to receive it, and the entire SQL language consists of less than 30 com-mands. SQL is essentially a back-end function.

For the front-end or userend. Ashton Tate also supplies end, Astron Tate also supplies a number of presentation and graphics products for charts and diagrams, including Map-Master, a data-driven mapping product to display geographic distribution of corporate data and demographic information.

Users can view data by country, county or post code, or define other regions.

Porsche Cars uses Map-Master to make information more easily digestible to its 35 UK authorised dealers. Previously they would supplement their own experience and intuition

by referring to substantial vol-umes of sales statistics.

These are entered from data compiled by the Society of Motor Manufacturers and Traders Boundary files allow data to be sorted by third level postcode, and Porsche plans to supply area break-downs of Continued on next page

Sector entering a new era

Continued from page 1

tries in one package." British telemarketing agencies, such as the Programmes group, have also been conduct-ing campaigns for British cli-ents in several West European

ents in several West European countries.

But pan European direct marketing campaigns, conducted from one gentre, are still relatively rare. The European market is fraught with difficulties. Apart from the obvious problems of language and translation, hational laws affecting marketing differ encountry.

Sweden: for instance, character.

demands that the total value of a sale should be explicitly detailed; book and magazine advertising is barred in France; data protection laws are tough in Scandinavia but almost non-existent in Spain

For such reasons, John Watson, chairman of WWAV, the UK's biggest direct marketing agency, which recently carried out a malling to France, Italy, West Germany, and Spain for the British Library, believes that although the industry's growth in Europe over the next growth in Europe over the next few years will be substantial, it will remain largely national in

enal growth in home shopping. More than 88.5m Americans shopped from home last year, buying \$38bn (£22bn) worth of goods from the 9,000 catalogues on the market, which offer anything from clothes to hot-air balloons, steaks to pianos. Catalogue sales have been increasing at twice the rate of

retail sales in general.

More American consumers are turning to their television sets for their shopping instead

More than 88.5m Americans shopped from home last year, spending \$38bn

of local stores. Last year \$1.4bn worth of goods were bought through TV home shopping programmes — triple the amount bought in 1986. State governments claim

that, as a result of this boom in direct marketing, they are los-ing some \$2.5bn a year in sales taxes. At present, sales taxes are only paid on mail order goods if the marketing com-pany has a presence in the

Democratic congressman Jack Brooks, of Texas, has sig-nalled his intention of introducing a "use tax" bill this year that would require out-of-state direct marketing companies to remit them to states on a quar-

terly basis.
The burden of collecting the taxes, at different rates and with different exemption rules, in the 46 states affected would have a severe effect on the industry, says Mr Jonah Gitlitz, the DMA president and

chief executive. Direct marketers would be forced to spend millions of dollars on computer hardware and software, and on personnel training to manage the collec-tion. Marketing companies would be responsible for the tax bills of defaulting custom-

Much of the convenience of mail order would be lost as customers would have to compute the tax themselves -"calculating a 5.5 per cent tax on a \$44.95 pair of shoes and a \$19.95 belt is not a simple mat-

Dealing with exempt items would be another complex problem. There were six different tax treatments, for instance, for a basket of fruit, for cheese and for confection-

Increased costs and decreased sales would result in marketing companies cutting back operations or going out of

business entirely, Mr Gitlitz

While virtually every consumer would be affected, the tax would fall most heavily on the consumer groups which relied in particular on direct marketing services — the elderly, disabled, rural and single parent families.

While fighting this threat, the DMA during the past year.

the DMA during the past year has also been engaged in con-stant lobbying for changes in another 600 bills in 45 states that could affect the industry.

Mr Gitlitz says:"We learnt

ing telemarketing calls or direct mail from marketing

years ago that removing names of customers who don't want to receive mail, or who don't want to have their names rented to others, is good busi-ness. It is also good customer relations, government relations and public relations."

The DMA is also currently engaged in another do-it-yourself attempt to minimise the impact of last year's 25 per

'We learnt years ago that removing names of customers who don't want to receive mail is good business. It is good customer relations, government relations and public relations'

Privacy was the main issue. Legislation was introduced in Congress to restrict access to lists of customer names and addresses, and many states moved to legislate against unsolicited telephone calls and against telemarketing fraud. In an attempt to thwart such legislative pressures, the DMA has refocussed the industry's attention on its self-regulatory

cent increase in postal rates for third class mail by the US Postal Service.

While co-operating with the USPS in efforts to improve the efficiency of the service, the DMA is exploring, too, the possibility of alternative methods of delivery.

Last week, private test deliveries began to 100,000 households in Long Island and in Hyatt converts to mail shots

Hotels have faith in post

ONE OF the more recent and marketing is the US-owned international hotel group, Hyatt Hotels.

Two years ago, it had no database of any substance to tell it who its customers were, and it did no direct marketing - but this year It will spend 40 per cent of Its \$57m advertising budget on direct marketing. Mr Adam Aron, Hyatt's

senior vice-president for marketing, relates how the change took place: "First, we tied-in with

airline frequent-flyer programmes — United, Delta and North-West Airlines. We realised it would be easier to market to a few frequent travellers than just to spend our money in the whole market place.'

Intensive direct mailing to these frequent travellers was supported by comprehensive advertising, not only in leading newspapers but also in the airlines' timetables and customer newsletters.

Regular promotional offers were made over a period of 18 months, giving consumers Incentives to stay at Hyatt

One of the lessons that was

one-shot direct mailings are behind us. You have to communicate with your best customers 10 . . .20 . . .25

times a year." Hyatt's research showed that frequent travellers wanted not only very high standards of general service, but hotel programmes specially designed for them
- "so we created Hyatt Gold

Passport, a comprehensive frequent-flyer programme applied to the hotel business. with newsletters, points schemes, and customer After the airlines, Hyatt

lound new marketing partn among credit card companies "again, an easier source of names of potential travellers than having to comb through the 100m households in the country with even the most

sophisticated analysis." A joint promotion with American Express over a four-month period last year increased the volume of business from people using that credit card by 18 per

Hyatt now has its own database — "It is vital," says Mr Aron, "to know who your best customers are."

Philip Rawstorne

guidelines in every sector, and particularly on the removal of rapidly learnt, says Mr Aron, was that "the old days of customers who object to receiv-Philip Rawstorne we can he o vou make the IOST OT TIE arket.

We're totally committed to ensuring British business thrives in 1992. And we have the services to provide the comparative advantage that makes that possible. International Direct Mail will allow you to exploit comprehensive business mailing lists across the Continent. A massive advantage when there are no other common media.

The International Business Reply Service, contract business mail and our priority mailing systems mean you can reach Europe double-quick, at the right price.

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Contrasting variations in European approaches

DIRECT MARKETING in Europe is in its puberty stage compared with that of the US, but it is a lusty youth which has just entered a phase of fast

In technology, as the outstanding success of France's Minitel system shows, it may even have a thing or two to teach the US. Mr Ernst Siegenthaler, Secretary General of the Geneva-based European Direct Marketing Association (Edma), explains that direct marketing develops in an evolutionary way, rather than a revolutionary way, but he adds: "In the early 1980s, two things began to happen simul-taneously. Electronic data processing costs declined and mar-keting costs climbed, both

The two curves crossed, he says, "and this was the catalyst for European direct mar-keting's current explosive growth, which has been accelerated by the pressure from the European Community's single market project for 1992." One recent study on "labora-

tory advertising performance" put the average cost of a visit by a salesman in Europe at or twice as high as in the US. (Costs ranged from \$1,400 in Denmark to \$128 in

In his new book. The Secrets of Effective Direct Mail, John Fraser-Robinson estimates that in Europe. 65 to 70 per cent of marketers' spending will go to cies as there are advertising

Most of the big advertising groups are building up parallel direct marketing networks. At present, Europe presents a far more fractured picture than the US. National traditions,

Accordingly, the sparse sta-tistics available reflect mostly tions covered in a joint research report by 12 European postal authorities.

Perhaps the biggest surprise

is that the UK comes 10th with

only 29 shots per head. By com-

parison, mail shots per capita in the US have reached a level

West Germany, where 3.4bn items were sent through the

post in 1987, dominates the

European addressed direct

mail business in overall vol-

with 2.4bn items while the UK is third with 1.6bn. The Italian

France comes second

of some 300 a year.

DIRECT MAIL IN		EUROPE		Е (рег	hea	d of	popu	lation)
	81	82	83	84	85	86	87	81-87
Switzerland	72	76	82	83	87	90	95	+ 23
Sweden	45	46	49	52	55	58	62	+ 17
West Germany	49	49	49	51	50	53	55	+6
Belgium	32	35	41	45	48	51	54	+ 22
Norway	25	26	29	32	42	49	52	+ 27
Finland	32	33	36	41	44	46	50	+ 18
France	26	28	29	32	36	37	44	+ 18
Denmark	25	26	27	29	32	37	43	+ 18
Netherlands	30	31	31	35	37	38	40	+ 10
UK	18	20	19	22	23	25	29	+ 11
Portugai		8	6	6	6	6	8	-
Ireland	-	2	2	2.4	4	5	6	+4
AVERAGE*	33	32	33	36	37	39	43	+ 10

consumer attitudes and legislative approaches differ, so that direct marketing is at greatly varying stages of development from one country to another.

But Edma has been warning its members to start positioning themselves for an integrated Community market after 1992. Mail still accounts for the large bulk of direct marketing in Europe, even if telemarketing is growing fas-

developments in direct mailing. They contain some sur-prises. Thus, each Swiss received an estimated 95 direct mail shots on average in 1987, well ahead of the other popula-

were recorded in Portugal (29 per cent), Ireland (20 per cent), France (19 per cent) and Denmark (18 per cent). The German mail order business is easily number one in Europe with a 1987 turnover of DM26.4bn (\$14.2bn), representing 5 per cent of retail sales. French mail order sales totalled FFr37.4bn (\$3.5bn) in 1988 or 2.6 per cent of retail sales. Data-based catalogues in the US number some 17,000.

whereas Edma guesses that there are only about 5,000 in Europe, of which more than 3,000 are in West Germany. Over the next couple of years, new technology will not produce change drastic enough to knock the direct mail business from its leading role, Mr Siegenthaler believes, but France's Minitel has demonstrated with relatively simple technology the immense oppor-tunities to be exploited in tele-

and Spanish figures are not available. Growth has averaged

6 per cent a year over the past

five years in the 12 countries

The biggest increases in 1987

marketing.
In the US, telemarketing is estimated to employ some 2m people, including all the logistical support staff.

Mr Siegenthaler estimates

that the comparable figure for Europe today would be around 40,000. Minitel's beginning came when someone in France Télécom decided it would be

direct access to a data base for telephone numbers, instead of having to print and constantly update telephone catalogues and have people answering

Alcatel produced a simple modem with a screen. By the end of last year 4.4m sets had been installed, a figure which is expected to reach 5.3m by the end of 1989. Some 120,000

Europe is moving towards the point 'where there are going to be almost as many

direct-marketing agencies as their are advertising agencies.

farmers are equipped with Min-

Even more illuminating is the most recent analysis of the purposes the network serves. Only 33 per cent of Minitel calls now concern the electronic directory enquiries, for which it was originally planned. So-called profes applications account for 23 per cent, banking and finance for 10 per cent and la vie pratique

for 12 per cent. Teleshopping has taken off. La Redoute, one of the biggest catalogue-based French con-cerns, is now receiving 16,000 orders a day on average through Minitel and 25,000 on peak days.

Last year, it is estimated, there were 625 marketing spots a day on French television, half of them carrying Minitel numbers. Attempts in other countries, such at West Germany's BTX system, to provide a technically more sophisticated - and more expensive service have failed to take off and other European telecom

Most significantly, Minitel has spawned thousands of serveurs - small companies offering such facilities as airline ticket bookings, holidays, health aids and myriad other

services.
The full possibilities of telephone marketing for both operations are just being realised in Europe. Inbound refers to a number which a customer can call, usually toll-free. Outbound activity involves soliciting a sale or an appointment by a call to a potential client a segment of telemarketing which Mr Siegenthaler estimates is growing at a rate of between 20 and 30 per cent a

In the February issue of its newsletter, Edma reported that over 1,000 telemarketing firms were active in Europe. In France alone, 6,000 compa-

nies, including major corpora-tions such as Citroen, were using telemarketing. Edma's own membership reflects the current growth in European direct marketing. It now has some 600 members, of which well over 100 joined last year, and applications for membership have been running at 12 a month so far this year. However, this surge may

also be largely due to the advent of the EC single market and European direct marketing users' desire to have an organisation promoting their interests in Brussels and Stras-

Last year, Edma submitted a formal definition of direct marketing to the EC Commission in Brussels with the aim of influencing the process of harmonising laws and regulations. Mr Siegenthaler lists three issues on which European direct marketers need to focus: ☐ THE FIRST is data protec tion, in which Edma is work-

ing for "legitimate" consum

protection that will not inhibit the expansion of direct market-

Mr Ernst Siegenthaler, Director General of the Geneva-based European Direct Marketing Association, speaks of the industry's "current explosive growth."

SECOND is the abuse of telemarketing, which has reached a nearly critical point

The main problem, according to Mr Siegenthaler, is the fly-by-night companies which use a market-research approach to force sales of products on people. An answer may be found in codes of ethics and mail preference services which help a telephone holder to have his name eliminated from ref-

erence lists.

THE THIRD related issue

concerns professional standards within direct marketing. Demand from service compa-nies for qualified staff is enormous but, as Mr Siegenthaler says, "It is easy to attend a couple of symposia, buy a computer with a data base and start a direct marketing busiEdma has started in-house training programmes, but the opportunities for people to acquire sound qualifications for what is a complicated business are still quite inadequate

Advances in technology

Continued from Page 3 high and low level sales potential to its official Porsche Cen-

The PC has undoubtedly carved out a niche for itself in marketing, but the mainframe area has also taken significant strides forward. When it comes to the processing of large vol-umes, such as laser printing for mailshots, a lot of this work usually goes to specialised computer bureaux where the

mainframe still reigns.
Citroen UK, for example,
uses Marksman, a service from
CMG to produce detailed statistics for sales from any retailer, distributor or dealer in any part of the country. Information can be extracted on people who do not respond to mailshots for more accurate targetting. Mr Chris Morgan, associate

director of CMG's Business

Services Division, says: "With demographics, a system can tell you all the products an individual might buy, now and in the future, whether it be cars, insurance, holidays, consumer goods or opera tickets." While some bureaux provide the processing facilities, others concentrate on the information. People are prepared to pay handsomely for timely information and this is the

basic role of AGB. AGB's key business mission is to provide marketing information from The objective is to help clients make better decisions through the use of continuously updated databases, the application of proprietary techniques to aid their interpretation, and the availability of consultative support to help

marketing questions precisely and rapidly.

AGB decided to start moving away from a product oriented organisation to a function orientation. It now operates on the basis of a number of functional steps along a production line, comprising data collection, data entry, the computer room, and the printing and At the middle of the market,

clients find the answers to



How information technology can reduce cost of sales, improve customer service and help generate profits: Dr Robert Shaw, right, manager of Andersen Consulting's marketing group, demonstrating a salesforce territory planning system which helps to make more effective use of a salesforce's time - and thus reduce the cost per sale.

organisations to rapidly gear up for direct marketing campaigns. Marks and Spencer's new financial services organi-sation in Chester has used a Unix-based Hewlett Packard HP 9000 minicomputer to support the launch of its unit trust

Thirty operators use termi-nals to access Brock, a US telemarketing system supplied in the UK by Co-Cam Computer Services. The main marketing thrust is response advertising, a direct mail shot to its 2.2 million M&S Chargecard holders and 130,000 shareholders, and distribution of sales brochures at the group's 278

Up to 1.000 in-bound calls a day have been received in ponse, and Brock automatically generates about 300 follow-up letters per minute. Despite notable exceptions,

UK companies are slow to realise the benefits of information technology. According to Andersen Consulting, many marketing and sales managers short-term success, because the objectives against which they are measured are geared to the

person at the right time" - a phrase so beloved of the direct marketing gurus, is therefore even more of a reality with the aid of the right database - "and is thus helping the industry to lose its aggressive, sales-driven status in the eyes of the public," comments Mr Gater, marketing systems director of Christian Brann, a leading direct marketing company with a wide range of blue chip clients such as Barclays Bank, Boots. Ford,

The Royal Mail and Butlins. The holiday industry, for example, has made much use of direct marketing, seeing it as a way of increasing sales without creating the impression that bookings are down. Using a sophisticated data-

base, Butlin's used 46 different versions of a promotional pack which was sent to past customers. Which version was sent

the minicomputer allows are solely interested in depended on when and where the targeted customer had taken a Butlin's holiday before. The pack included a personalshort term.
"The right offer to the right ised early booking voucher and specially-devised competition bearing up to five children's

> According to Christian Brann, the company which developed the packs with But-lin's, bookings rose dramatic-ally and Butlin's was able to cancel a regional press cam-

With the launch in the UK of Mailsort, the 'Mailsort Users' Guide' is available from the Post Office. In addition, WWAV, the UK's biggest direct marketing agency, which mails more than 80m items a year, has issued a free 'Guide to Mailsort and what it means for your business. In part, it looks at the data processing requirements of post-coding. The guide is available from WWAV, 31 St Petersburgh Place, Lon-

Boris Sedacca

Key to the French consumer

Videotext is taking thousands of services into millions of homes

DIRECT marketing has taken off in France, partly on the strength of the spectacularly successful videotext system

The figures are impressive some 4.5m terminals have already been installed, about per cent of them in homes Last year, 1bn calls were registered, which represented a total of 75m hours.

The electronic telephone directory attracted 400m calls. equivalent to a total of 13m hours. By the end of 1992, when Europe will have shed many internal trade barriers, France Telecom expects 7m terminals to be in operation.

More than 10,000 wide-ranging services are now offered through the network, including home banking, rail and air reservations, mail order shop-ping facilities, stock market prices, dating facilities - and

erotic messages.
Direct marketing suppliers now total about 1,000, of which merchandise sales represent more than 100. The Minitel, which had become a flagship of French communica-tions technology, fulfilled a need and created others as the system has spread.

Roland Glagnon, an analyst with the Paris brokerage group, DLP-James Capel, comments: "Unlike cable television, a market for the syste did not have to be created

The need was evident on all sides. The number of tele-phone lines in France more than quadrupled from 6m in 1974 to nearly 26m in 1988. This meant that printed telephone directories were obso-

The electronic phone directory, which is already updated about every three weeks, will eventually be updated every 48

The Minitel owes its success largely to France Telecom's policy of freely - although gradually - distributing the most basic model throughout the country.

A second big boost to the network's popularity came in 1984, when the "kiosk" system of customer payments was introduced. France Telecom involces telephone subscribers for their Minitel calls, while keeping a commission and then passing the rest on to the service suppliers. This system lightens the suppliers' admin-istrative burden, and leaves consumers free to link into any service they require, with-out being locked into a sub-

scription According to France Tele-com, the highest demand is for the electronic telephone direc-tory, followed by home bank-ing, SNCF rail bookings, the Lamy data bank for road haul-

in the kiosk system), mail order shopping, and financial and other news provided by television stations, newspa-pers and magnities.

The top 10 direct marketing companies are mail order the largest operator in France, and Les Trois Suisses, according to Philippe Bernheim, France Telecom's direct mar-

He believes that merchan-dise, home banking and rail bookings have the biggest growth potential in the years ahead. SNCF will soon start selling train tickets as well as taking reservations through the Minitel, which is certain to

spur further demand. As for catalogue sales, the increase in orders placed through the system is reflected in the decline in orders through the mail. A number of suppliers have produced cata-logues specifically for the Min-itel. France Telecom is one of them, and has been marketing its services to small and medium-sized enterprises on a trial basis in the Lorraine region

for the past year.
"We will conduct experiments in another two or three areas, and if all turn out to be profitable, we will go nationwide," Mr Bernheim says. The future is promising: a

study carried out at the end of

Between 1980 and 1984.

last year showed that direct marketing through the Minitel was regarded as modern and was regarded as modern and efficient, Mr Bernheim explained. It seems to over-come the hesitations of young professionals, some of whom

prefer to shop in person. vert", is operating across bor ders under agreements signed with eight European countries, Japan and the US. To enhance the flexibility of the service, a choice of three types of sub-scription and three systems for switching calls or giving mes sages were introduced last

France is also extending its integrated services data net-work (ISDN) to the most important business centres this year, before linking up to the networks in Italy, the United Kingdom and West Germany in 1990.

The time when French homes are eventually con-nected to the network is still some way off, but when it comes, home shopping will no doubt take another leap forward

Camif, a co-operative in Niort and the third largest mail order company in France, is experimenting with a blend of the Minitel and cable TV to see how much difference an image can make to demand.

Barbara Casessus

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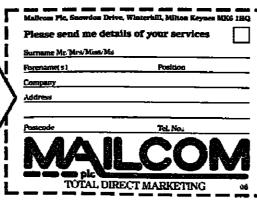


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Services to 32 countries

TNT Maiffast has just introduced two new services which it believes will have significant implications for the direct mail industry: Post Office Box and Business reply Paid. The advantage is that new foreign markets can be reached, without a local office; and response rates will hopefully take off due to ease of customer-reply. "Dramatic increases in

response rates to international direct mall are achieved when a local response device is used in the destination country," says international marketing manager, based at Windsor, Berkshire. Post Office Box is already

available in 32 countries. TNT. part of the multinational distribution group, assigns customers a mailing address in a foreign country, complete with box number. This can be included in literature or printed on envelopes or cards included in the mailing TNT then carries the

mailing abroad. Recipients of the materials are able to respond to a local address. paying local postage. TNT clears the P.O.box daily and delivers responses the origin country by courier. With this service, the foreign recipient need pay

no postage - TNT also supplies instructions for the printing of business reply



Drew Fobbester: anticipating 'a dramatic increase in

Growing army of telemarketeers

WHILE an estimated 4,500 were involved in telephone marketing and telephone sales in the US in 1980, the number had grown to around 300,000 by 1985, say Stan Rapp and Tom Collins in their book, MaxiMarketing, published by McGraw-Hill.

"The US News and World Report has predicted that by the year 2000, the number will rise to 8m," say the authors, who are co-founders of the Rapp & Collins international direct response agency network.

marketing agencies grew from 15 to about 100 full-time, full-service agencies — and another 1,200 agencies of ser capability. In-house telephone centres grew from approximately 1,500 to around 30,000. Direct marketing Association research in 1983 pointed to a total telemarketing sales in 1984 of \$100bn."

A profound change is taking place in the way good and services are advertised. promoted and sold to the public, say the authors yesterday's hit-or-miss 'shotgun' approach of mass marketing directed at anonymous consumers is giving way to new, more accountable, cost-efficient,

personal mode."
The statistics indicate that organisations which "are not maximimising the use of the telephone in marketing the product, service or business, are in danger of being left behind," claim the authors.

New campaign for the National Trust

THE direct marketing agency, MSW has been appointed to handle a new campaign for the National Trust's legacy

in addition to creating

greater awareness of National Trust legacles among its 1.7m members, MSW's programme will be designed to increase the level of bequests cuurently made by members

of the trust. The campaign, which starts in June, comprises advertisements in the Trust magazaine, plus direct mail communications to members.

Computer system

Pulse Train Marketing Systems of Guildford has won an order for its new 'Tel-ALL' computer-based telemarketing system from Online Marketing, a leading telemarketing organisation in the Netherlands. Online Marketing, it is claimed, will become the the first Dutch telemarketing group to be able to offer its clients automatic and direct daily reporting of all customer conmtact calls, inbound and outbound.

Database management

Marks & Spencer, the retailing chain, has become the first major UK user of Brock, the US telemarketing/ database management system to assist in the marketing of its new style unit trust - the Marks & Spencer. Investment Portfolio.



LONDON STOCK EXCHANGE

Trade data sees index flirt with 2100

There was unbridled enthusiasm in London's equity market vesterday as much bet ter trade figures than expected for March removed for the time for March removed for the time-being at least the threat of higher UK interest rates. Blue chips responded with substantial gains across the board and the FT-SE 100-share index briefly moved through

the 2,100 level before losing some of the steam-

the market closed with Minorco, the South Africancontrolled group, comfortably exceeding the 50 per cent level of acceptances in the drawn out and bitter battle for control of Consolidated Gold Fields.

20

		
	t Dealing	,Detec
Tiret Deslinge: Apr 17	May 8	May 22
Option Declarati May 4	May 18	Jun 1
Last Dealings: Way 5	May 19	Jun Z
Account Day: May 15	May 30	June 12
"Hew time death 9.00 am two but	ags may take Hasse days a	piace tros

Predictably, the day began quietly with the FT-SE index opening marginally higher in thin trading with the market showing slight concern over the decline on Wall Street. Buyers began to make their presence felt, however, in the run to the trade figures, announced at 11.30 am. Immediately before the numbers Footsie was showing a healthy 13.1 gain and this was quickly extended to 30.7 within half and hour of the news.

The index broke through the 2,100 level on at least two occasions, but each time ran into a flurry of persistent, but generally, small profit-taking. Thereafter it drifted off and eventually settled with a 22.2 gain at 2,093.4, its third successive rise. Turnover yesterday was well

up on recent levels, and came out at 568.5m, compared with Tuesday's programme-trade-boosted 576.8m. The £1.2bn March current account deficit came against a general consensus of forecasts

of £1.5bn and February's figure of £1.7bn. "Quite clearly it provided a boost to sentiment and dispels the upward pressure on lyst said. interest rates for the time being" said Mr John Reynolds,

economist at Prudential-Bache. However, many observers were loth to forecast lower interest rates. As one dealer put it: "There has to be further evidence of a sustained slow-down in retail sales and money supply before that could hap-

BAT Industries struggled to make headway in spite of favourable notices as researchers issued their verdicts on the

proposed restructuring of Ama-til. Mr Charles Pick of Nomura

Research deems the scheme

"an ingenious move and from BAT Industries' viewpoint a welcome one." He concludes

his note with "the shares now

offer good value following

recent weakness and look worth accumulating at these

levels." They closed only 21/4

higher at 538%p.
The Mexican debt settlement

news continued to boost the

banks sector. Another burst of

buying interest and a stock

shortage saw Midland improve

7 more to 454p on turnover of 2.1m. Barclays and NatWest

added 4 apiece to 444p and 598p

moved against the rest of the

market, with the excepton of London & Manchester which

raced up 7 to 282p amid further

takeover speculation. Last Fri-day almost four per cent of the

company's shares moved through the market in two trades of 4.5m apiece.

ported, if anything slightly out-performing the market. There

was particularly good demand for Guinness, up 10 at 461p on turnover of 3.7m shares, Allied

Lyons, up 10 at 449p on turn-

over of 5.5m, and Bass, 12 bet-ter at 939p. Greenall Whitley's

decision to put its bingo operations up for sale was well

received, and the shares

apparent good news for interest rates following the trade

figures. Blue Circle and RMC

both rose 10 to 529p and 670p

respectively. Tarmac move ahead 9 to 313p, for a two-day

rise of 22, on the back of the

favourable comment after

anticipation of today's figures - Hoare Govett are looking for about £225m - while Hatfield

Estates rose 10 to 187p after a

four-fold increase in interim

fell against the trend, to close a

penny lighter at 145p on reports that five directors had

resigned to join the new retailing vehicle being put together by Mr George Davies, the former head of Next. Mr David Jones, who replaced Mr Davies as chairman, played down the reports. He said only three directors had resigned and two

directors had resigned, and two

of those handed in their notice

Among buoyant Stores, Next

shares changed hands.

Tuesday's results. Some 6.9m

Redland gained 7 to 534n in

Builders warmed to the

climbed 7 to 298p.

Brewers were well sup-

The life assurance sector

respectively.

There was general agreement that the level of exports had taken most analysts by surprise: "If these exports numbers can be maintained then obviously the trade deficit

will lessen and this will under-pin sterling, which remains the key to interest rates." an ana-

Support for blue chips was impressive according to a specialist trader at a US house.
"We've seen plenty of overseas support for top UK shares and we can't see any reason for it not to keep going given reason-able first-quarter figures from

ICI tomorrow," he said.

Around the various sectors there was considerable switch ing in the pharmaceuticals where Beecham underper-formed Late in the session the market was buzzing with hints of a possible takeover move for

FINANCIAL TIMES STOCK INDICES Since Compilation Ago Low High Low 85.64 86.24 86.16 85.98 69.29 85 84 (13/4) 127 4 (9/1/35) 49, 18 (3/1/75) 95 93 (4/1) 105.4 50.53 (28/11/47) (3/1/75) 1700.5 1708.9 1701.9 Gold Mines 18£ 5 154./ /34./ 43.5 (17/2) (15/2/83) (26/10/71) Ord. Di. Yield
Earning Yid %(full)
P/E Ratio(Net)(\$\(^1\)
SEAO Bargains(Spm)
Equity Turnover(Em)t
Equity Bargainst
Shares Traded (ml)t 4.58 11.09 10.91 22.231 854.30 26,292 351.3 4.58 11.11 10.87 22,548 1165.29 27,209 436.8 4 58 11 11 10 86 28,214 1348 41 30,998 593 8 • S.E. ACTIVITY Apr 25 Apr 24 Indices Gilt Edged Bargains 87.0 83 6 Equity Bargains 180.9
Equity Value 2779.4
5 - Day average
Gilt Edged Bargains 94 9
Equity Bargains 186.0 2779.4 1726.8 Ordinary Share Index, Hourly changes ●Opening ●10 a.m. ●11 a.m. ●12 p.m. 1709.0 1715.5 1717.7 1736.4 ●2 p.m. ●3 p.m. ●4 p.m 1731.5 1727.7 1731.2 1731.8 2506.0 2474.6 DAY'S HIGH 1737.3 DAY'S LOW 1708 9

TRADING VOLUME IN MAJOR STOCKS

Basis 100 Govt. Secs 15/10/26. Fixed Int. 1926. Ordinary 1/7/35. Gold Mines 12/9/55, SE Activity 1974, ∴Nil 10.98 (Excluding intra-market business. * Corrected figure

Minorco gets to

first base

News that Minorco had received at least 54.84 per cent acceptances from Consolidated Gold Fields shareholders of its £3.5bn bid for the UK diversified mining group came too late for marketmakers to react, but dealing ahead of the announcement suggested the market had been expecting a narrow victory for the South African-controlled hidder. The Gold Fields price touched 1298p at one stage before settling at 1293p, a gain of 38 on turnover of 3.7m shares.

Minorco's success in winning as much as 55:per cent so far surprised some observers who, having seen stockbrokers Cazenove and J Henry Schroder Wagg pick up 1.4m Gold Fields shares between them at 1240p in early trading, had assumed that Minorco would fall just short of its target. Yet everyone was quick to point out that the battle over Gold Fields was far from over.

"There is a huge question mark hanging over the deal," said one analyst, who contin-ued: "Minorco has 21 days to declare the offer unconditional in all respects, but it does not have enough time to call an emergency general meeting to replace the Gold Fields management. Nor is it likely that Rudolph Agnew and Newmont Mining will drop their action in the US courts, because they will no doubt argue that Minorco bas failed to win acceptances from 50 per cent of the free vote, which is the vote excluding the 30 per cent it already had. So h's all up to whether Minorco can persuade the Takeover Panel to grant an

Initial confusion

Confusion surrounded the first day of trading in the new MB Group, now without its packaging division which has been merged into CMB with the similar business of Car-naud of France. MB Group has 25.6 per cent of CMB.

There are now three related trading instruments in Lon-don: MB Group, CMB old and CMB new. The new shares were received by holders of the old MB Group shares as part of the merger deal. They are registered shares, attracting stamp duty when traded, and pay 75 per cent of dividend. The old are bearer shares and contain the entire dividend.

To add to the complexity, several marketmakers were unclear over the details of set-

tlement - either cash on delivery or on Account day. The doubts seemed not to deter trading, however, and 5.9m MB shares changed hands. The price settled at 207p, roughly what analysts had expected.

There was early heavy sell-ing of CMB new, with one institution said to have disposed of between 1m and 2m shares. "Some investors consider CMB a French stock and will sell them out of UK portfolics. There was rapid two-way trade and the price firmed to £58 by the close. The old settled at £61%, although one dealer expected old and new to move in tandem when selling of the latter has unwound.

Super food market

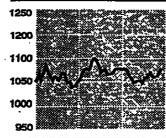
Supermarket stores were once again busily traded amid further talk of an imminent bid for Asda. At the close Asda, which announced the acquisition for £29m of 48 stores and 9 properties from furnishings retailer Gillow, were 121/2 better at 173p on turnover of 18m shares. Just before the end of trading marketmakers were told to expect a dawn raid on Asda this morning and a bid of 220p a share from US group A&P.

There was a fall of 11/2 to 191p on turnover of 6.3m shares for Gateway, where Isosceles has made a 195p-ashare bid. The market remains convinced that Gateway will fall, but probably not at the price offered by Isosceles. "A price of 210p or 120p a share would probably clinch it," said one trader. It was revealed yesterday that US securities house Goldman Sachs has 1.39 percent of Gateway.

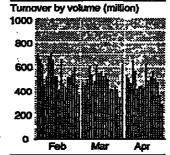
Rising on the coat-tails of the Asda and Gateway stories were Tesco, up 6½ at 175p on turnover of 7.4m shares, Sainsbury, 3% better at 240p on turnover of 3m, and Argyll, 4% firmer at 195p on turnover of 2.5m. Dealers in the traded options market reported excep-

tional business in Sainsbury. Among manufacturing stocks Ranks Hovis Macdongall eased a penny at 364p; dealers increasingly believe RHM could-struggle to win the approval of its shareholders for the £1.4bn bid for Australian

FT-A All-Share Index



Equity Shares Traded



group Goodman Fielder Wattie, and there is concern that the bid may be blocked anyway by the Australasian authorities. Goodman Fielder has advised shareholders to reject the offer from RHM, which now has 14.9 per cent of its target.

Reuters attracted good business after an optimistic AGM statement. The shares statement. The shares advanced 17 to 729p as, accord-ing to a marketmaker, sellers disciplined their orders so as not to depress the price. Pharmaceuticals were

mixed. Wellcome rose 9 to 495p ahead of interims today. Pisons weakened after a good run based on French institutional interest and in the wake of some switching out of the stock into Beecham. The latter remained weak however, and the publication of results from SmithKline Beckman - with which it is due to merge underlines the scale of the task

that lies ahead. Renewed suggestions that Hanson, up 3 at 189p, might bid for Xerox in the US boosted the latters shares, which in turn helned Rank Organisation with which it has sweeping business links. Rank climbed 24 to 941p also helped by suggestions that it might dispose of its hotels

NEW HIGHS AND LOWS FOR 1989

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MEM (Caller Inc.)

months ago.
Those that are leaving Next. he said, were junior directors who were not part of the board running Next retail. "They are leaving because they felt they didn't fit into the new structure and regime at Next." explained Mr Jones. However,

it is believed that the departing executives have left to join Mr George Davies' new operation, which should be unveiled this

Dunhill International rose 21 to 303p on hopes of a bid from Guinness.

GEC firmed 5 to 238p on widespread talk of an upgrad-ing from a top UK securities house while STC also put on 5 to 321p, after 326p, amid sug-gestions that Siemens might buy STC subsidiary ICL. Dealers played down this possiblity. One said: "Why should STC want to sell its most profitable business - unless they know something no one else does." Another argued that it was more likely that discussions were underway either on a UK joint venture or over Siemens taking a a minority stake in

buoyed Davy Corporation, 7 higher at 251p, and GKN, which jumped 12 to 375p. Verson greeted a 80 per cent increase in pre-tax profits and the acquisition of British Federal from Laird Group for £3.75m by rising 6½ to 34½p. Further Airbus orders helped British Aerospace put on 14 at 573p.

A pronounced movement in

Further consideration of Micro Focus's finals on Tuesday boosted the price another

their positions. "All the hall-marks of a bear squeeze," Renewed bid speculation explained a specialist salesman hopeful that the shares had now found a genuine trading

Dowty, up 12 at 259p, owed more to technical influences than revived buying interest from institutional and other investors anticipating a re-rating of the group. An early buyer found little stock avail-able, triggering a rise which gathered momentum as marpointing to vesterday's volume of less than 700,000 shares.

Jessups, the motor distribu-tor, produced slightly higher interim profits but the news disappointed the market and the shares lost 5 to 183p. Competitor Lookers also slipped back, closing 9 down at 193p in spite of the disclosure that T Cowie had increased its stake

to 10.77 per cent. United Newspapers came more sharply into focus, rising 12 to 437p on revived speculation that Sir James Goldsmith was building a stake. "There's not sufficient turnover for Sir James or anyone else to be acquiring a holding," said a disgruntled marketmaker

The property leaders drew enthusiasm from the belief that the upward pressures on

to ease. Land Securities gained 10 to 561p in turnover of 1.4m while MEPC were 9 better at Brixton Estates rose 7 to 394p after disclosing increased full-year profits and a proposed one-for-one capitalisation issue. Old favourites in the bid arena fared well with Randsworth up

Marians had either increased its stake or would launch a bid The oil and gas sector underperformed the rest of the mar-ket with the majors restrained by American selling after the slightly disappointing figures released by a number of the

5 to 280p on talk that Priest

top US oil companies Hefty sales of BP in ADR form put the shares under sustained pressure before the bet-ter-than-expected UK trade figures triggered modest buying At the close BP were barely changed at 284 %p, after turnover of 7.2m, and Shell were slightly easier at 404p follow-ing volume of over 3m shares

LASMO made good progress,

● London Report and latest Share Index, Tel. 0898 123001

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Yokasa Danag Bara 000's Price days

closing 6 higher at 455p after the company's meeting with oil sector analysts. Century Oil were given a boost by a press report that the company might attract the attention of a potential preda-

Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 26

APPOINTMENTS

LIT Europe chairman

■ LIT HOLDINGS has appointed Mr Geoffrey H. Chamberlain as an executive director of the group from May 2. He will be chairman and chief executive director of LIT Europe, responsible for the futures and securities division in Europe, the Middle East and Africa. He was chief operating officer in equities and derivative products for Shearson Lehman Hutton in London. He is chairman of the London Traded Options Market, deputy chairman of the European Community Options and Futures Exchanges, and president of the International Association of Options Exchanges and Clearing Houses.

■ Mr Derek Cook, sales director of CARLSBERG BREWERY, has been appointed to the boards of Carlsberg Distributors. Carlsberg Sales, and Carlsberg

SHAYE COMMUNICATIONS, designer of the recently-launched Forum Personal Phone, the second generation digital cordless telephone, has appointed Mr Richard Watson os company secretary. He continues as director of

■ Fibre optic connectors maker, AB STRATOS, has appointed Mr Scott Smith as operations director to head the company's manufacturing base at Haverhill, Suffolk, and its sister company, Stratos Connectors AB, in Sweden. He was with the parent company AB Electronic Products Group in south

■ Mr Bill Weale is to join GLAXO as the prospective president of Glaxo Bermuda, which is being established as the fund management company of the group. He is currently with Shell International Petroleum Co where he is responsible for managing the company's surplus funds. He takes up his new post on June 1 and will be resident in Bermuda.

THE ELECTRICITY
SUPPLY PENSION SCHEME
has appointed Mr Tim Bell
as property director and Mr
Julian Smith as senior surveyor.

■ ANALYSIS PORTFOLIO MANACISMENT, Harrogate, has appointed Mr Howard Beaufort to the board. He was a director of Barclays Unicorn Trusts. Two investment managers have been promoted to the board, Mr Stuart Sharp and Mr Michael Craven.

Mr Gordon W. Pulian, who joined the C.I. GROUP in January, has been appointed finance director. He was group secretary and controller with



Mr Richard Williams (above) has been appointed managing director of PANMURE GOR-DON INVESTMENT MANAGE-MENT. He was investment director of Hill Samuel Unit Trust Managers, and succeeds Mr Robert Head who has joined Rauscher Pierce Refsnes in Dallas, US.

■ WHITEFRIARS, members of The International Stock Exchange, has appointed Mr Rudi de Mendonca as managing director, and Mr Jens Christopherson, of Bikuben, Denmark, as deputy chairman.

■ Mr Tony Oscroft, has been appointed sales and marketing director of JAMES BURROUGH DISTILLERS, autonomous spirits division of Whitebread and Co.

■ Mr David MacFariane has been appointed an assistant

director of J.O. HAMBRO

■ The following will join the partnership of FRESHFIELDS on May 1: Mr Tony Besse, Mr Hugh Crisp, Mr Alan Newton, Mr Richard Phillips and Mr Mark Trapuell.

■ The KYLE STEWART

GROUP has made the following appointments. Mr Laurance Castle becomes director and general manager of Kyle Stewart Properties. was general manager. Mr Mike Davey, formerly divisional manager, becomes a director of Kyle Stewart Management. Mr Brian Payne, formerly deputy chief structural engineer, becomes a director of Kyle Stewart Design Services.

SAUTER AUTOMATION, Slough, has appointed Mrs Margaret Carver as finance and administration director and company secretary.

■ Mr Gordon W. Pullan, who joined the C.L. GROUP last January, has been appointed finance director. He was group secretary and controller with

■ Mr Jeffrey Lawrence has been appointed managing director of MERRILL LYNCH GLOBAL ASSET MANAGEMENT in London. Mr Derek Viveash has been appointed construction director of PERSIMMON

HOMES (WESSEX). He was-

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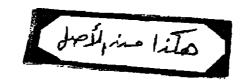
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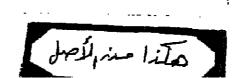


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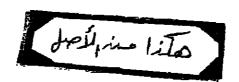
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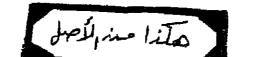


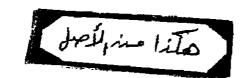
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FINANCIAL TIMES THURSDAY APRIL 27 1989	LONDON SHARE SERVICE	● Latest Share Prices are available on FT Cityline. To obtain your free Share Code Bookist ring the FT Cityline help desk on 01-825-2128
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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar surges on GNP data

CONFUSION FOLLOWED currency was hovering around publication of first quarter US DM1.88, amid suggestions that 68.0. Gross National Product fig-ures. According to a survey by IDEA, some 66.7 per cent of respondents thought the implicit price deflator - a mea-sure of US inflation - would be the single most important for the single most important feature for the dollar of the GNP report, with only 22.2 per cent believing the overall GNP fig-

ure was the most important.
This suggests why the dollar fell on news that the price deflator rose only 3.9 per cent in the first quarter, compared with 5.3 per cent in the fourth quarter. A survey by MMS International forecast a rise of 4.8 per cent. The market initially regarded this as an indication that inflation was not strong enough to justify tighter

US monetary policy.
The dollar was trading at around DM1.8700, but immediately fell to DM1.8655, before rising equally suddenly as dealers responded to a higher than expected rise of 5.5 per cent in first quarter GNP growth, compared with 2.4 per cent in the fourth quarter. A survey by MMS suggested a likely rise of 5.0 per cent. The dollar rose quickly through DM1.8700, and closed at DM1.8785 in London, compared with DM1.8650 on Tuesday.

Later in New York the US

e in New York			
Apr. 26	Latess	Previous Close	
£ Spot	1.6985-1.6990 0 43-0.42pm 1.22-1.20pm 4 00-3.90pm	1.6992-1.6999 0.43-0.4250 1.30-1.27pm 4.30-4.20pm	
Forward premiu	Forward premiums and discounts apply to the US dollar		

STERLING INDEX

		Apr.26	Previous
8.30 9.00 10.60 11.60 1.00 2.60 3.00 4.00	2m	95.1 95.2 95.2 95.2 95.2 95.2 95.1	95.2 95.3 95.3 95.3 95.3 95.3 95.3

CURRENCY RATES

Apr.26	Bank rate %	Special* Oraning Rights	Carrency Volt
Danish Krone Deutsche Mark Deutsche Mark Reth Guider Freuch Franc Italian Lira Japanese Yen Kornay Krone Sowelish Krona Swelish Krona Swels Franc Greek Droch Irish Pont	590 1312 845 2014	0.765284 1.30213 1.54797 N/A 50.8482 9.45346 2.42990 2.74033 8.22621 171.035 8.81542 151.055 8.81542 151.055 8.25420 2.14265 N/A N/A	0 654875 1.11224 1.32357 14.6438 43.5359 8.09267 2.07989 2.34616 7.03604 1525.16 146.505 7.55212 129.154 7.07052 123742 177.380 0.77984
PAID SIND PRINK :	are Inc Ac	× 26.	

CURRENCY MOVEMENTS

Apr.26	Bank of England Index	Morgas** Guaranty Changes %
Sterling U.S Dollar Caradian Dollar Austrian Schillog Belgian Franc Dansa Krone Deutsche Mark Seriss Franc Gelider French Franc Ura	95 1 68 4 105.6 105.9 103.0 112.7 104.4 110 0 97.6 147.3	-16.3 -10.2 -0.3 +9.9 -6.0 -1.7 +20.6 +13.7 +13.1 -15.1 -20.0 +80.3
Manage Carrett		1000

Mgrgam Goaramy Change; average 1460-1982 - 100. Bank of England Index (Base Average 1985 - 100: Paries are forder 26

OTHER CURRENCIES			
Apr.26	£	5	
Argentina Australia Brazil Fioland Greece Hong Kong Iras Korealsh Lunembourg Malaysia Meuto N. Zealand Falland Santapore S. At Conj S. At Conj S. At Fill	159 75 - 159 95 2.1310 - 2.1335 1 7250 - 1 7350 7 0755 - 7 0755 268 25 - 272 75 13 1575 - 13 1705 121.25° 127.20 - 1154 - 5740 45425 - 45540 4085 00 - 4104 25 2.7460 2.7510 6.345 - 6.345 1 235 - 2350 4 3145 - 6.345 1 235 - 2350 4 3145 - 6.345 6 8550 - 7 0360	94,4000 - 94,600 1,2835 - 1,2956 1,8200 - 1,0250 4,1870 - 4,1850 158,25 - 16,210 663 - 40 - 668,80 0,2070 - 0,212,3 37,25 - 39,35 2,4855 - 2,4875 2,500 - 3,7510 1,5240 - 1,6245 3,750 - 3,7510 1,5240 - 1,6245 3,750 - 3,7510 1,9450 - 1,9470 2,5500 - 2,5530	
Talwan	45 25 - 45 45 6 2140 - 6 2180	26 75 - 76 85 3 6725 - 3 6735	

The agreement coincided

with a maturing facility which

drained DM6bn from the system. Next week, two sale and

repurchase agreements will

mature, draining DM37.1bn

from the market. Further details of a fresh facility are

expected tomorrow - rather than on Monday - since West German centres are closed on

that day for a public holiday.

In New York, the US Federal Reserve entered the money

market to provide reserves through overnight repurchase agreements. The addition of

funds was a little more than expected, and at the time of

the intervention, Fed funds

were trading at 9 per cent

against 9% per cent on Tues-day.

if it broke though that level it could go up to DM1.90, but that the US Federal Reserve and the West German Bundesbank were likely to intervene to prevent such a move.

on the headline GNP figure seemed to ignore several other factors however. The sharp rise in the first quarter, when compared with the fourth quarter, was largely a reflection of increased agricultural produc-tion, as the economy returned to a level unaffected by last summer's drought. Non-farm growth during the period fell to a seasonally adjusted annual growth rate of 3 per cent, from

3.5 per cent. Nevertheless the dollar rose against all major currencies, to close in London at Y132.20, compared with Y131.35; to SFr1.6580 from SFr1.6445; and to FFr6.3575 from FFr6.3100. According to the Bank of England the dollar's exchange

improvement of figures and be forecasts. The expecting a viaround £2bn account deficit	n the February tter than most market was sible deficit of and a current
Sterling was l dollar, falling \$1.6885, while tion about a rise	fading specula-

The visible deficit of £1.7bn

rates, and doubts that the figures represent a sustainable turnround in the trade position, limited gains against other currencies. The pound closed unchanged at DM3.1725, and rose to SFr2.8000 from SFr2.7975 and to FFr10.7350 from FFr10.7325, but eased to Y223.25 from Y223.50. On Bank of England figures, sterling's

ingiand the douars exchange index len 0.2 to 50.1.								
EMS EUROPEAN CURRENCY UNIT RATES								
	Ecr cettal rates	Currency amounts against Eco Apr.26	% change from central rate	% change adjusted for divergence	Divergence limit %			
leiglan Frant	42,4582 7,85212 2,05853 6,90403 2,31943 0,768411 1483,58	43.5359 8.09257 2.07989 7.03604 2.34616 0.779864 1525.16	+2.54 +3.06 +1.04 +1.91 +1.15 +1.49 +2.80	+0.86 +1.38 +0.64 +0.73 +0.73 +0.19 +1.82	±1.544 ±1.5404 ±1.0981 ±1.3674 ±1.5012 ±1.6684 ±4.0752			

Changes are for Eco, therefore positive change denotes a weak correct Adjustment colouisted by Figure 14 Tesse.

POUND SPOT- FORWARD AGAINST THE POUND									
Apr.26	Day's spread	Close	One mouth	% pa	These months	% p.e.			
US Canada Metherlands Belglum Denmart Irrland W. Germany Portugal Spalo Italy Morway France Sweden Japan Austria Switzerland	66 25-66.60 12.33 \(\) - 12.36 \(\) 1.1865 - 1.1925 3.16 \(\) - 3.18 261.25 - 263.35 1%.40 - 197.35 2321 \(\) - 2329 \(\) 11.49 \(\) - 11.53 \(\) 10.72 \(\) - 10.75 \(\)	3.574, -3.584, 66.30-66.40 12.334, -12.344, 1.1905-1,1915, 3.17-3.17, 262.05-263.05 196.40-196.70 23245, -23254, 10.73-10.74 10.764, -10.774, 2224, -2234,	0.42-0.39cpm 2.09cm-0.02cdts 2-12-cpm 2-9-22-cpm 45-4-2-cpm 0.45-0.40cpm 15-12-cpm 15-12-cpm 14-13-cpm 14-13-cpm 14-13-cpm 12-112-cpm 12-112-cpm 13-112-cpm	284565524488443334833544 9445644884433348335445	1.21-1.15pg 0.34-0.14pg 53-53-5pg 65-81pg 1.23-1.25pg 1.20-1.10pg 53-53-6pg 9-75pg 53-53-5pg 11-1.11-pg 43-3-2pg 44-3-2pg 36-3.33-2pg 44-3-3-2pg 44-3-3-2pg 44-3-3-2pg	0.49 6.15 5.00 3.86 0.24 1.38 4.29 4.29 4.49 8.53			
Belgian rate is convertible frames. Financial framc 66.55-66.65. Sto-month forward dollar 2.25-2.20cpm 12 months 4.00-3.90cpm Correction for Apr 25 Portugal Close 261.50-262.50.									

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

evicual corrency, beigan face is for conversible trains. I maniful trains 31.44-31.54.									
EURO-CURRENCY INTEREST RATES									
Apr.26	Short. term	7 Days notice	Grae Month	Three Months	Stx Months	One Year			
terfing S Dollar sa, Dollar as, Dollar as, Dollar catter w, Franc enschmark r, Franc alias Ure Fr. (Fin) Fr. (Coo.) en skrope skan SSing	12-12-1-12-1-12-1-12-1-12-1-12-1-12-1-	12-9-12-9-1-9-1-9-1-	12 19 12 19 12 19 12 19 12 19 19 19 19 19 19 19 19 19 19 19 19 19	13.1-124 10.1-91 12.1-124 611-61 611-61 611-61 611-61 81-81 12-81 81-81 81-81 81-81 81-81 101-10	12-12-12-12-14-14-14-14-14-14-14-14-14-14-14-14-14-	134-129 104-101 125-124 7-1-7-5 7-5-7-5 9-1-8-3 125-125 125			

Long term Eurodollars: two years 10^4 , 10^4 , per cent; three years 10^4 , 10^4 , per cent; four years 10^4 , 10^4 , per cent; five years 10^4 , 10^4 , per cent opening). Short term rates are call for IIS Dollars and Januarda Verr enhances are

EXCHANGE CROSS RATES										
Apr.26 £ S DM Yen F.Fr.							S Fr. H Fl. Liea CS			
Š	i 0.592	1689	3.173 1.879	223.3 132.2	10.74 6.359	2.800 1.658	3.578 2.118	蹄	2011 1191	66. 39.
DM	0.315	0.532	1	70.38	3.385	0.882	1.128	792.7	0.634	20.
YEN	4.478	7.564	14.21	1000.	48.10	12.54	16.02	10412	9.006	297
F Fr.	0.931	1.573	2954	207.9	10.	2.607	3.331	2165	1.872	61.
S Fr.	0.357	0.603	1.133	79.75	3.836	1	1.278	830.4	0.718	23.
H FL	0.279	0.472	0.887	62.41	3.002	0.783	1	649.8	0.562	18.
Liez	0.430	0.726	1.365	96.04	4.619	1.204	1.539	1000.	0.865	28.
C S	0.497	0.840	1.578	111.0	5.341	1.392	1779	1156	1	32 t
B Fr.	1.507	2.546	4.782	336.5	16.19	4.220	5.393	3504	3.031	

LIFPE LONG CILT FUTURES OFTEN Calls Jan 346 247 153 101 31 12 745122121214 74512212121214 74512212121214 Estimated volume total, Calls 2431 Pats 2942 Previous day's open int. Calls 30159 Pats 21137

Estimater volume total, Calls 0 Pots 0 Previous day's men lat. Calls 160 Pats 1600

LONDON (LIFFE)

7-16 YEAR 9% NOTIONAL GILT 550,000 32mb of 100%

Est. Vol. (Inc. 1)gs. nat. shown) 40020 (16007) Previous day's open (at. 74707 (74557)

89.94 89.96 89.94 90.20

Estimated Volume 3982 (3083) Previous day's open lot. 4530 (3760) 212.70 213.50 210.00 216.70 Estimated Volume 3831, (2157) Previous day's open int. 18672 (19137)

1-mth 3-mth 6-mth 12-mth 16845 16768 16663 16490 Low Pres. 1.6840 1.6914 1.6726 1.6790 1.6640 1.6676 High 1,6930 1,6800

MONEY MARKETS

More relaxed mood

UK INTEREST rates were marked down in London yes-terday in reaction to a smaller than expected trade delicit in March. The key three-month interbank rate fell to 131-121 per cent from 13%-13% per cent at the start and 13%-13%

per cent on Tuesday.

A lower than expected US inflation figure for the first quarter was also a factor in encouraging dealers to mark rates lower. While analysts

UK slearing bank base leading rate 13 per cent from November 25

remain unconvinced that Mr

Nigel Lawson, UK Chancellor, may even yet be unable to avoid another rise in base rates, the possibility of higher rates has been postponed, at least for the time being.

Overnight money touched an early high of 11½ per cent before easing to 10½ per cent. However, renewed demand pushed bids up to 13 per cent before slipping away to 9 per cent.

The Bank of England forecast a shortage of around £200m. Factors affecting the market included bills maturing in official hands draining £91m and Exchequer transactions a further £35m. There was also a rise in the note circulation of £120m. These were partly offset by banks' balances brought for-

ward £40m above target. The forecast was revised to a

FT LONDON INTERBANK FIXING 6 months US Dollars effer 101 The fixing rates are the arithmetic means rounded to the searest one-stresseth, of the bid and offered rates for \$10m quoted by the market to five reference banks at \$1.00 a.m. each working day. The banks are \$1.00m Westminster Bank, Bank of Tokyo, Destroice Bank, Bank park of Tokyo, Destroice Bank, Bank park historial de Paris and Morgan Essanaty Trust. shortage of around £350m, and the Bank gave assistance in

the morning of £300m through outright purchases of eligible bank bills at 12% per cent.

The shortage was further revised, this time to a shortage **NEW YORK** of £300m, but the Bank gave no further assistance in the after-In Frankfurt, the Bundesbank accepted bids for DM6.2bn at its latest sale and Two Months repurchase auction at rates of between 6.1 per cent and 6.5 per cent, Commercial banks bid for a total of DM29bn, and 50 per cent of successful bids were accepted at the lowest allotted level of 6.1 per cent 84.9 allotted level of 6.1 per cent.

> LONDON MONEY RATES Apr.26 Interbank Offer
> Interbank Bid
> Sterling CDs.
> Local Authority Deps.
> Local Authority Beds.
> Discount Mit Deps.
> Company Deposits
> Frience Nouse Deposits
> Treseary Bulls (Bay)
> Bank Bills (Bay)
> Fine Trade Bills (Bay)
> SOR Linked Dep Offer
> SOR Linked Dep Offer
> SOR Linked Dep Bild
> ECU Linked Dep Offer 115 175 114 iŝ 124 131 談 123 13 10.15 85 85 85

Treasury Bills (sell); one-month 1233 per cent; three months 1231 per cent; Bank Bills (sell); one-month 1225 per cent; three months 125 per cent; three months 125 per cent; Treasury Bills, Average tender rate of discount 12.6125 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day March 31, 1989, Agreed rates for period April 26, 1989 to May 23, 1989, Scheme 1: 13, 90 p.c., Scheme 11 is 8 lit: 14.37 p.c. Reference rate for period March 1 to March 31, 1989, Scheme 1 V&V: 13,068 p.c. Local Authority and Finance Houses seven day; notice, others seven day; fixed. Finance Houses Base Rate 13½ from April 1, 1989; Bank Deposit Rates for sums at seen days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 9½ per cest; care-three months 11 per cent; three-six months 11 per cent; six-nine months 11 per cent; under £100,000 9½ per cent from December 1,1988, Deposits withdrawn for cash 5 per cent.

FINANCIAL FUTURES

Sterling prices firmer

SHORT STERLING futures finished up from the close on Tuesday in the Liffe market yesterday, but were still well down from the day's highs. The best point of the day was attained soon after news of a smaller then expected UK March trade deficit. However, many investors were content to take profits at the day's

LIFFE E/S OFTENS \$25,000 (cods per £1)

Estimates Volume 0 600 Previous day's open int. 165 (165)

83.07 83.07 83.01 83.01 83.01

CONUNCCI HÉMETRIPO 2-GINDO

MONEY RATES Treasury Bills and Bonds 6.00 7.25

US Treasury bond futures showed a mixed response after the release of first quarter US GNP data. The June price touched a high of 90-05 after a smaller than expected inflation

figure - as measured by the implicit price defiator - but finished below its best level at 89-24, marginally firmer than the opening level of 89-23 and

まっ 男 村 学 内 月 五

EUGERS CAR

Tuesday's close of 89-22.

LEFFE BUILD FOTURES SPIRE

Subsequent analysis also suggested that a potentially unsustainable decrease in car insustamable decrease in car imports made the overall defi-cit better than the underlying trend may suggest. Conse-quently, the June short ster-ling price slipped from a high of 87.09 to finish at 86.97, although this was still well up from the opening level and Tuesday's close, both at 86.70.

版 50 30 30 44 9 2 1

Estimated volume total, Calls 129 Pats 132 Previous day's team lef. Calls 2386 Pats 2156

LIFFE SHART STERLING LIFFE EURODOLLAR OPTIONS Class points of 198% SESSES SERVI

Estimated volume Intal, Calls 203 Pals 320

PHILADELPHIA SE E/S OPTIONS E31,250 (cods per E1) 4.08 2.06 0.69 0.16 0.02 0.70 1.56 2.83 4.54 6.56 8.75 11.20 446 270 149 0.72 0.28

CHICAGO 0.5370 0.5425

U.S. TREASURY BILLS (II Sim points of 190% 91.51 91.50 91.45 89.92 89.93 89.93 90.23 90.24 90.23

EUROPEAN OPTIONS EXCHANGE

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9.50 h 7553611-206-572181 4.50 4.30 9.10 5.80 250 -16 4.40 6.30 b 2.50 1.20 2.80 3.10 4 4.80 4 3.90 4 2.60 3.60 174 8 114 132 242 243 242 275 275 20 2 75 10 13 3.70 3.70 3.50 5.50

TOTAL VOLUME IN CONTRACTS: 43.597 B=Bid C=Call P=Fet

BASE LENDING RATES

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Hornelds Gex. Trest
PRIVATionalnes Limited
PRIVATionalnes Limited
PRIVATionalnes Limited
Raghael & Sons
Roudmythe & Trastee
Royal Trest Bank
Smith & Williason Sess.
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Adam & Company
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ARC Bankting Group
Associates Cap Corp
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B & C Merchant Bank
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Western East Corp.
Whitshoop Labellar
Yorkshire Beats HFC Bask old Heritable & Gen Inv Belt Beschmark Bank PLC ... Berliner Bank AG C. Hoare & Co. . Brit Bix of Mild East ... • mempes or arms Merchant Banking & Scurities Heases Association. * Denoit nov 5.9% Sarente 8.5%. Top Ter-£10,000-instant access 12.1% & Mortgage base rate. § Denaad depoit 8%. Mortgage 13.625% - 14.00% Brown Shiptey Bosiness Mage Tsl ... CL Back Mederland Mestraj Bark Ltd McDonnell Donglas Bak Midland Bark Central Capital age Express Ltd. . Bedg Corp.

COMPANY NOTICES

THE ROYAL BANK OF CANADA US\$350,000,000 Floating Rate Debests

ions of the Debertures, the interest rate for the period 28th April 1969 to 31st May 1989 has been fixed at 10 per Creaming 1969 has been proof at 10 per cent per annum. On 31st May, interest of US\$\$1.16667 per US\$\$1.000 nominal amount of the debestures will be the for payment. The rate of interest for the period commencing 31st May 1989 will be determined on 26th May 1989.

ORION ROYAL BANK LIMITED Agent Sank and Principal Paying Agent

Banque Nationale de Paris

USD 250,000.000 Floating rate notes due 1997 applica-ble interest rate for the the interest rate for the interest period from 24 Apr 89 up to 24 July 89 as determined by the reference Agent is 10 to per cent per annum namely USD £2606.77

News International Pic USdoi 100,000,000 9% **Guaranteed Bonds** due 1990 Convertible into USdoi 100,000,000 Floating Rate Notes

due 1990 ror me period from April 28, 1969 to July 26, 1969 the notes will carry an interest rate of 101, % per annum with an interest amount of USdol 252,25,-per USdol 10,000 note.

date will be July 26, 1969

IU INTERNATIONAL CAPITAL CORPORATION N.V. NOTICE IS HEREBY GIVEN the for the instrume period extrameding 28th Acril 1985 to Notice will beer furness at the 10ths of 10% for motion. The interest at the rate of 10% for per annuar. The interest periods on 31st July 1985-against coupen No. 19 will be USS272-BO per USS10,DOO Note.

Agent Bank, Orion Royal Benk Limited

INTERNATIONAL PULP & PAPER

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6 JUNE 1989

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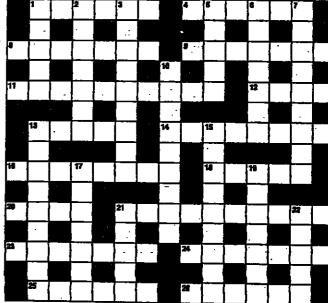
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CROSSWORD

No.6,920 Set by VIXEN



ACROSS 1 Mild as can be - so depress-

ing (6)
4 A man taking a lot of interest in financial dealings (6)

8 Bill represents the currently popular view (7)
9 Abandoned Conservative leader for a superior guy (4.3)

(43)
11 Put off housing record, landed in a poultry-shedi (4,6) 12 Having a credit-note, gives ground (4)
13 Short section of the matter

set out (5)

14 Tolking for a living or getting money by corrupt means? (8)

16 Sped about at church to fin-

ish off (8) 18 Class of foreigners thrown by English (5) 20 Move when it's cooler (4) 21 No crate's in use, though

receptacles are required (10) 23 Common sorts left behind

24 A trouble-maker one and all makes charges against (7)
25 Stagger the rag-and-bone man (6) 26 Stick a little notice in this

spot (6) DOWN 1 In a small garden seedlings should be close-planted (5) 2 Needing props, he's the

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3 The person planning for a constructive follow-up (9)
5 Article carried by 20 across

6 Withdraw soldiers over a

wide area (7)
7 Mention the source of infor-

mation (9)

10 Men only backed the man and he's found work in a theatre (5-4)

13 The handling of someone

who is patient? (9)
15 Chesred a number with

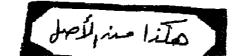
bad sign! (7)
19 Concerned with getting behind because honest (7)
21 Aches to be free to drive

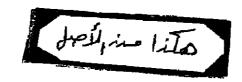
away (5)
22 Feel regret over accepting some decoration or other (5)

Solution to Puzzle No.6,919

medical problem (9) Drink about ten? That's a

in flight (5)





1	WORLD STOCK MARKETS						
C886	AUSTRILA FRANCE (continued) SERMANY (continued) SWEDER April 26 Sch + br - April 26 Frs. + br - April 26 Dm. + ar - April 26 Use + br - April 26 Kroner + br -						
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4pm prices April 26

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

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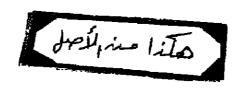
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Dow rises despite strength of GNP figures

Wall Street

THE RELEASE of preliminary. first-quarter gross national product figures yesterday appeared to have little impact on an equity market that is marching to its own internal dynamics, writes Janet Bush in

The Dow Jones Industrial Average closed 2.20 points higher at 2,389.11 on low volume of 146m shares. At the outset, the Dow had dipped 5 points, apparently in reaction to the figures. These suggested a modest deceleration in economic growth and higher infla-

tion.
While the Treasury bond market fell quite sharply in response to the GNP figures after opening about ½ point higher – and stayed lower at midsession, stocks held steady.

reported that GNP had risen by higher oil import prices, 5.5 per cent in the first quarter, 2.5 per cent of which was due damental trends. 5.5 per cent in the first quarter, 2.5 per cent of which was due to the effects of last year's drought. This compared with growth of 3.5 per cent in the final quarter of last year, once drought-related factors were stripped out, and with forecasts of a rise in the first three months of this year of nearer to 5 per cent.

The price deflators told a dif-ferent story, but most credence was attached to the 5 per cent rise in the fixed weight index in the first quarter. This was seen as a more accurate indica-tor of price trends than the implicit price deflator. The fixed weight index rose 4.2 per cent in the fourth quarter of

The implicit price deflator rose by only 3.9 per cent com-pared with 5.3 per cent in the

Yesterday's release showed overall economic growth is decelerating – but not mark-edly – and that inflation is indeed rising. Financial markets have often not reacted particularly dramatically to quarterly GNP releases, because these are historical and much of the information is already known.

Of more interest will be the first figures to emerge covering April, which will enable the markets to examine more up-to-date information on the economy. Markets still appear to be hoping that interest rates will go down, as the Fed responds to slower growth. It is this view of the world which has buoyed markets in recent weeks, although, to many money market economists, it is too optimistic given

current inflationary trends.

Markets still have to digest more economic figures this week, including today's March personal income and expenditure data and tomorrow's

ture data and tomorrow's March leading indicators.

Blue chip issues were mixed yesterday. IBM, which rose sharply on Tuesday, was quoted unchanged at \$114%, Procter & Gamble dipped \$% to \$94% and Merck was unchanged at \$67%. General Motors added \$% to \$41%, General Electric gained \$% to \$48 and Philip Morris was up \$% at and Philip Morris was up 31/2 at

\$125 %.
Among featured individual stocks, Westinghouse Electric added \$1% to \$56% after the company announced that it had raised its quarterly dividend by 20 per cent to 60 cents

a share.
Compaq Computer fell \$1%
to \$77%, in spite of reporting
earnings at the high end of

ones. A gaggle of medium-size companies has been propelled

by explosive earnings growth.

Corporate profits of 70 actively traded Dutch compa-

nies rose by an average 20 per

cent in 1988, according to Mr Fokko Tuin, chief analyst for Kempen & Co. That pace will

slow only moderately to 15 per

cent this year, he adds. Economic growth will con-

1989 on buoyant investment.

exports and consumption,

together with low inflation.

according to the semi-governmental Central Plan

light trading Investors continued taking some profits, and the mood was cautious because

of fears of an interest rate

favour, with most declining. The Bank of Spain's credit

lending. Santander was off 20 points at 845 per cent of par. Utility Endesa was up 8.7 at

248.7, which some analysts

attributed to American interest in US-quoted Spanish stocks

arising from the Repsol partial

privatisation.
ZURICH was mixed with the

Crédit Suisse index falling 0.3 to 570.9. The big moves came from the blue chips, with Nes-

tlé and Ciba-Geigy registering

gains on the strength of favourable announcements. Nestle bearers rose SFr40 to SFr7,420. The company's chief executive said turnover and

profits would rise in 1989 and the company did not plan any acquisitions this year. Ciba-Geigy bearers jumped SFr110 to SFr3,490, in the wake of Tuesday's higher first-quar-ter profits

STOCKHOLM closed higher in moderate trading, with

banks and insurance compa-

nies posting solid increases as a result of a government pro-posal to allow the national pen-

sion fund to invest in bank and insurance shares. Insurance

group Skandia was up SKr7 to

119.05 91.36 91.36 125.07 119.71 127.32 89.69 76.64 102.50 121.81 75.82 172.85 129.79 131.49 110.06 77.08 130.29 110.01

114.01

108.21 90.58 108.91 143.75 128.64

128.28 92.84 128.67 165,35 125.81 112.57 81.77 81.77 81.77 81.78 111.80 125.00 78.16 180.35 153.32 110.63 66.84 139.92 124.57

137.95 176.37

152.83 112.79 98.84 123.48 152.04 138.06

121.70 155.61 194.72 164.22 126.37

105.29

SKr214 in active trading.

Banks remained out of

net income of \$1.96 a share in the first quarter compared with \$1.21 a year ago. Dominion Bankshares added

\$% to \$20 in over-the-counter trading on speculation that it might become a takeover target of NCNB, now that it has terminated its offer for Citizens & Southern MCorp, the Texas bank holding company which recently filed for bankruptcy, rose \$\frac{3}{4}\$ to \$\frac{3}{4}\$ after NCNB said that it would probably bid for

Canada

into black figures from red sively prune business invest-

GOLD and base metal shares declined in line with lower bullion and base metal prices, dragging Toronto lower on moderate volume.

The composite index fell 6.9 to 3,578.1 as declines led advances by 365 to 273. Volume

ment and consumer spending.
Mr Sweers is worried that

cabinet ministers' horse-

trading over next year's budget

is so rancorous that the air could stay poisoned even if a

compromise is reached.

He believes Mr Onno Rud-ing, the Finance Minister,

ing, the Finance Minister, might still resign if budgetary discipline is lacking in a compromise package to be considered tomorrow. General elections are due in April or May next year and the Christian Democrat-Liberal coalition would lose its majority if yet-

would lose its majority if vot-ing were held now, according

Amid the uncertainty, flight to quality is often seen as the answer. Blue chips, such as Unilever and Royal Dutch/ Shell, are favourites, while

insurance companies, such as Aegon and Nationale-Nederlan-

den, are also being recom-

to a poll released on Sunday.

Nikkei surges to all-time peak as confidence grows

GROWING optimism about the GROWING optimism about the equity market sent investors on a broad-based buying bings that saw share prices surge to an all-time high, writes Michipo Nakamoto in Tokyo.

The Nikkei average, which on Tuesday posted its third higgest gain of the year after Prime Minister Noboru Takeshita's resignation, added another 190.15 points vesterday

esinta's resignation, added another 190.15 points yesterday to close at a record 33,434.93. Buying by index funds supported the advance as the Nikkei reached a session high of 33,446.01 while the low was 2157 gg 33,157,69

33,157,69.
Advances led declines by 555
to 351, with 167 issues
unchanged Turnover at 1.33hn
shares was a substantial improvement over Tuesday's 820m. The Topix index of all listed shares rose 12.29 to 2,461.02 and, in later London trading, the ISE/Nikkei 50 index gained 0.66 to 1,937.39.

The raily reflected faith in the brighter outlook for equities and a desire to take full advantage of those prospects. "These guys want to buy the market and they want to buy it aggressively," said Mr Paul Muller at Schroder Securities.

Although the trigger was the Prime Minister's resignation announcement, other factors fed the momentum. The market has already discounted. ket had already discounted a moderate rise in the official discount rate, which is considered the likely outcome of any increase in Tokyo's consumer prices exceeding 3 per cent,

investment funds has also beined give the market energy. In addition, with a flurry of kets, which both fell sharply. business results to be announced in May, there is interest in companies expected

to report better earnings.

Some analysis, however, are concerned. The market is speculative, it is rotational and a number of people are still. very confused and just chasing the latest story," one said.
Interest focused on medium to small capitalisation issues, particularly those expected to

announce improved earnings.
Among them were specialised
steel issues, also popular for
their low price earnings ratios.
Tokyo Steel, a leading maker of steel bars, rose 13 per cent, adding Y430 to Y3,730, while Godo Steel rose Y130 to Y1,560. Sanyo Special Steel gained Y50 during the day, closing up Y20 at Y1,410 in heavy trading. The approach of the Golden Week holidays, starting this weekend, spurred interest in shipping companies which are diversifying into marine lei-

sure businesses. Nippon Yusen, second in the most active list with 43m shares. gained Y30 to Y1;120. Sumitomo Metal heavily traded recently because it is viewed as a possible market leader, led the volume list with

47m shares, losing Y6 to Y889.
In Osaka smaller capitalisation issues supported the market and the OSE average firmed 257.18 to 32,232.42.

LOCAL ISSUES held sway in Asia Pacific markets but failed

AUSTRALIA closed margin ally easier as the early positive trend faded with the news that Ranks Hovis McDougall had built a 14.9 per cent stake in Goodman Pielder Wattie. On Monday RHM launched a hos-tile reverse bid for Goodman Goodman fell 10 cents to A\$2.45 as 48.34m shares worth A\$121.2m were exchanged. The All Ordinaries index fell

3.6 to 1,472.5 as leading industrials reacted in sympathy.
SINGAPORE chalked up small gains in spite of the prevailing mood of caution and some profit-taking. The Strairs Times industrial rose 4.2 to 1,250.31. Turnover rose to 89.9m shares from Tuesday's 87m. HONG KONG speut a day in the doldrums as investors warily watched political developments in Peking. The Hang Seng index closed 0.06 lower at 3.118.67 after trading within a range of about 15 points

throughout the day. Turnover remained thin at HKS870m.
TAIWAN plunged in response to the announcement by the Securities and Exchange Commission (SEC) that it would examine non-payment

would examine non-payment transactions, better known as wash sales.

The key market weighted index, which dropped 70.99 points on Tuesday, plunged another 175.23 to close at 7.927.16, after a low on the day of 7.876.4.

SEOUL fell sharply in slow trading due mainly to worries

trading due mainly to worries about the Government's tight monetary policy. The compos-ite index fell 9.09 to 934.72.

Europe inspires bullish view

UK FUND managers are bullish about long-term pros-pects for equities in the Pacific region and continental Europe, but divided about the outlook for the US, according to a survey by Godwins, the independent financial advisers, writes

Alison Maitland. Optimism is greatest about European shares. The Cityscope survey of more than 70 investment managers shows that 86 per cent expect continental equities to be higher in sterling terms in a year's time. Some 84 per cent think Far Eastern stocks will be higher, while 78 per cent expect Japan

Turning to the US, only 54 per cent are bullish about long-term prospects, while 27 per cent feel the market will be below current levels and 19 per cent little changed. The short-term view is less rosy all round. Greatest opti-mism is for Far Eastern equi-ties: 51 per cent expect them to

be higher over the next three months and 49 per cent at the same level. For Europe the figsame gevel. For Europe the Ug-ures are: 41 per cent higher and 59 per cent the same; for the US: 19 per cent higher, 49 per cent the same and 32 per cent lower; and for Japan: 24 per cent higher, 54 per cent the same and 22 per cent lower. The survey was conlower. The survey was conducted at the start of April before news of the resignation of the Japanese Prime Minis-

Amsterdam bloom fades as caution sets in

Profit-taking has helped to tip the market off its post-crash high, writes Laura Raun

tulip as far as the Amsterdam Stock Exchange is concerned. Caution has set in following a euphoric climb to a post-crash high amid buoyant turnover in

Investors are now taking some profits and turning their attention to top-quality, defensive stocks. No one is talking about a nasty drop in the market, however, and some players are more bullish than others.

Barclays de Zoete Wedd, for example, believes that "over the long term, the Dutch stock market will continue to see some positive impetus as a result of its strong interna-tional profile, its liquidity and the attractions of a strong yield . . . The case for performance depends on solid economic and corporate profits growth, as well as corporate activity and interest rates."

WORRIES about inflation and higher interest rates weighed

on trading, and bourses were

mostly weaker or unchanged, writes Our Markets Staff.

cent in continued weak vol-

umes as investors reduced

next week's holidays.

The CAC 40 index lost 21.20 to 1.667.17 and the OMF 50

index fell 3.15 to 475.51. The

CAC General index, based on

opening prices, dropped 3.8 to

One trader said the oncoming holidays - which will see

the bourse closed for the next

three Mondays as well as next

Thursday – were dissuading investment. The feeling is

that the market at this high level might see a bit of a decline just on general lack of

L'Oréal, the cosmetics group,

was knocked by disappoint-

ment over its annual figures, falling FFr174 to FFr4,220, with

analysts pointing out that the stock was pricey. Carrefour dropped FFr1,031

to FFr2.881, going ex a one-for-

three bonus issue. FRANKFURT faded from the

day's highs to close little

changed as investors awaited

today's speech by Chancellor

Helmut Kohl for indications on whether and when the with-

holding tax would be scrapped.

uct figures came in after the

NATIONAL AND REGIONAL MARKETS

per grouping

Australia (89).

Fintand (26)..

West Germany (100)......

Euro - Pacific (1688)......

Singapore (26)..... South Africa (60)...

Switzerland (57). United Kingdom (316)....

Europe (1009)...

The US gross national prod-

132 47 122.24 133.75 135.16 177.05

119.86

+0.0 -0.2 -12 -0.3 -0.7

-0.4 -0.2 -0.1 -0.2

PARIS dropped by 1.3 per

consolidation is in the air. "It's more likely to go down than up, but not significantly," pre-dicts Mr Rob Sweers, chief securities analyst of Banque Paribas in Amsterdam. "It could be 5 per cent down in the next month."

The CBS All Share index

closed unchanged yesterday at 189.1, down from 189.8 a week ago on April 19 - its highest level since the October 1987 crash. Since the beginning of the year, the index has climbed 10 per cent - a middling performance among bourses worldwide and bang in line with the rise in the FT-Actuaries Europe index.

Fuelling the advance have been impressive company earnings, sound macroeconomic fundamentals and takeover fever. Nedlloyd, the shipping and transport group, has rowth, as well as corporate nearly doubled to F1 406 from trivity and interest rates."

Others are convinced that respectively.

market closed, and arrived

about the same time as provi-

sional West German consumer

price figures for April, which

showed a 0.6 per cent increase instead of the expected 0.3 per

cent. The rise in March was 0.2

per cent. Share prices, already unsettled by concern about the

inflation outlook, turned down

The market seemed to be

suffering from a crisis of confi-

dence engendered by last week's interest rate rises. As

one salesman put it, "It doesn't

take much to undermine confidence in Germany . . . but it

takes a long time for the market to build up again."

The FAZ showed a 3.42 gain to 577.27 at midsession, but by the close the DAX was up just 0.62 at 1.373.04. Volume improved from Tuesday's reach

improved from Tuesday's weak levels to a moderate DM3.64bn.

most active stock, rising DM9.50 to DM360. There were further takeover rumours, said

to involve foreign buying.

However, the news magazine

Der Spiegel suggested in a

bearish article this week that the recent activity in the stock

could be preparation for a

rights issue. The price has risen from about DM300 at the

Pharmaceutical company Schering came out with good

first quarter results and rose

WEDNESDAY APRIL 26 1989

116.32

107.33 117.44 118.67 155.46 134.52 76.15 115.28 130.34 72.10 165.04 156.35 157.51 105.63 61.46 125.13 134.04 125.13 134.04 66.39 128.67

Index

119.21 130.12 116.46 175.96 134.83 84.70 131.11 147.09 84.44 157.07 164.23 474.64 116.57 60.41 177.99 128.20 135.22 135.22 150.63 77.71 128.79

DM3.50 to DM619.50.

Feldmühle Nobel was the

in unofficial trading.

Paris leads losses in quiet trading

Netherlands FT~A World Index (£ terms)

get. Ahrend, the office furniture maker, has jumped 63 per cent to Fl 293.50 from Fl 180 in March when it came under assault from Bührmann-

Hoogovens, the steelmaker, and Fokker, the aerospace group, have soared on a swing

MILAN suffered from jitters

over domestic inflation as pre-liminary data emerged show-

ing an increase of 0.6 per cent for April - the highest rise for

4.98 to 615.32 and volumes were

investors trickled back from Tuesday's holiday. Banco di Roma fell L400 to

L9,480 on concern about who

will replace one of the com-

pany's two managing directors and whether the decision will

be based on political or com-mercial considerations, said

changed after a moderately active day which saw Fl 734m

worth of shares traded. The CBS tendency index eased 0.4 to 108.4. The US GNP figures

caused only a slight pick-up in

active stock, falling Fl 15 to Fl 406 as shares worth Fl 68m changed hands, with one large

seller in the market.
Insurer Aegon held up after
Tuesday's rights issue news.

adding 50 cents to FI 100. But Internatio-Müller, the shipping company, lost FI 1.20 to FI 92

after saying its stock price was looking quite high and it might

MADRID was quiet in the approach to the four-day week-

end, with the general index

down 0.02 at 295.95 in fairly

TUESDAY APRIL 25 1989

106.78 117.95 118.10 155.45 134.08 75.82 114.43 129.15 72.70 164.09 154.23 156.19 105.86 60.92 171.10 132.03 125.40 134.77 137.94 86.31 127.57

104.88 135.38 160.03

137.99 109.25 90.70

120.33 155.32 183.60 158.32

Local Currency Index

118.73 130.82 116.66 175.93 134.35 120.01 84.35 131.14 146.05 85.17 156.31 183.05 474.34 116.05 126.05 180.38

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Grass Div. Yield

5.02

Nedlloyd was the most

AMSTERDAM ended little

The Comit index gave up

Rising interest rates and political squabbling over the 1990 budget, however, are seen as threats by some observers. Mr Tuin believes that overkill by the authorities in lifting interest rates too high could choke off growth. Trying to stem inflation could exces-

SOUTH AFRICA

MOST investors hung back in Johannesburg, waiting for the outcome of Minorco's bid for Consolidated Gold Fields. Min-orco fell R1 to R51, while Gold Fields rose R2.25 to R89.25.

Two Major Transportation Conferences arranged by the FINANCIAL TIMES

World Rail -Service and **Profit**

London, 8 May 1989

Transport is now a major policy issue and railways are high on the agenda. Growth in efficiency and profitability are achievable and leading speakers will explain how:

Mr Stanley Crane Consolidated Rail Corporation

Mr Charles Hoppe Booz. Allen & Hamilton Inc

Mr Kevin Hyde New Zealand Railways Corp Mr Ronald Lawless

Canadian National Railways **Mr Ross Sayers** State Rail Authority of NSW, Australia

Mr Denis Tunniçliffe **London Underground Limited**

Transport Links with the Continent

—Collaboration to meet the **Challenges of Future Growth**

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A forum for transport planners and businessmen to look at the challenge of meeting future growth traffic demands and the effect of the Channel Tunnel. Speakers include:

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Mr Alastair Morton Eurotunnel

M Jean Bouley

Union Internationale des Chemins de fer

Sir Robert Reid, CBE British Rallways Board

Sir Jeffrey Sterling, CBE The Peninsular and Oriental Steam Navigation Company

Mr Karel Van Miert Commission of the Furnment Co

INTERNATIONAL CONFERENCES

☐ World Rail

☐ Transport Links with the Continent

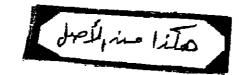
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Constituent changes: April 26 Insert: CMB Packaging (France), Deletions: Carnaud (France) and Ohio Mattress (US). Classification change: MB



ACCOUNTANCY COLUMN

Identity crisis threatens balance sheet values

THE BRITISH balance sheet is suffering an identity crisis. No one seems able to agree on its purpose in life any more, least of all accountants, who constructed it.

As a result, balance sheets are in a mess. In the words of a heavyweight-group set up by the Institute of Char-tered Accountants of Scotland last year: "The present balance sheet

almost defies description."
This should matter to more than accountants. Balance sheets are one of the prime sources of financial information about a company, and hence important to the efficient running of financial markets.

The problem is that UK balance

sheets contain a mixture of costs and valuations (the most recent example being brand valuations). The costs mean little, since they are often costs incurred at different times which have been added together. Valuations may be done on a number of different bases, none of which are compatible.
Also, balance sheets often do not show liabilities which should be there (a practice known as off balance sheet

Yet they are used extensively for commercial purposes. While accountants warn that they are practically meaningless, a whole industry of analysis has been built on this dubious construct.

Consider the following:

Companies' articles of association and loan covenants are stuffed with references to gearing or shareholders' funds, determining a company's borrowing powers in balance sheet

terms.

• Analysts and financial journalists

use balance sheet-based indicators when making judgements about companies: gearing, net assets and return on capital. These tests form part of the paraphernalia of corporate analy-sis and are central to the financial

world's jargon.

• It is not just idle scribblers who give these notions currency. Sophisticated investors keep a close eye on ratios such as gearing. As a result, the consumers of capital are forced to pay close attention to how they present their balance sheets to the financial markets.

cial markets.

Take Ti. Its finance director, Mr Michael Garner, said at the end of last year, when announcing a change to his group's accounting policies, that accounting considerations had forced his company in the past to reise. his company in the past to raise money through an issue of equity when it would rather have borrowed the money. This highlights an alarming inefficiency in the capital mar-

mg inemiciency in the capital markets, where accounting, which is meant only to record financial reality, ends up dictating it.

The International Stock Exchange uses an asset test for deciding when companies need their shareholders' expressed for securicities or disposals. approval for acquisitions or disposals. This was extended to include intangible assets (such as brands) last month. It means that a company which values its brands may have a positive advantage over one which

• The Bank of England's prudential requirements for banks are based on balance sheet criteria (though modi-fied ones, rather than those shown to shareholders). As a result, the City was treated to the spectacle recently

of National Westminster conjuring up an extra £600m of primary capital by revaluing its properties and turning the excess from the revaluation, via a bonus issue of shares, into equity.
In a purely historical cost balance

sheet (of the type used in the US, for instance), this would not be possible. This is therefore a classic case of how national accounting differences can

national accounting differences can give companies an advantage over foreign competitors.

It also gives the quick-witted an advantage over national competitors. Barclays Bank, for instance, says it might have had to raise £300m less by its controversial rights issue a year ago if it had been able to adopt the NatWest route.

Not only large companies are

Not only large companies are affected: small ones may not realise it,

but their balance sheets are studied by credit insurers and the like.

With so much at stake, it is not surprising that much effort goes into reconstructing balance sheets. The financial world has been treated to a string of imaginative moves in the late 1990s. Much of it has been late 1980s. Much of it has been prompted by the wave of acquisitions and subsequent need to write off goodwill, which has depleted the reserves of acquisitive companies. The latest and most obvious exam-

ple is the move to revalue brands (for example, by Ranks Hovis McDougall and Guinness) or to record acquired brands at cost (Grand Metropolitan and Hodgson Holdings).

Other ways of dealing with the trauma of goodwill have been used by Saatchi & Saatchi and Hanson (which have added back goodwill for the purposes of calculating their borrowing

powers), British & Commonwealth (which has written it off against prof-its) and MAI (which has done the same as B&C, but taken the charge

below the line).

This is by no means the end of it with skilfully-devised convertible preference shares, it has been possible to raise money that looks very much like debt but which can be accounted for as equity, creating reserves against which goodwill can be elimi-nated (Saatchi again, and United Bis-

cuits).
Off-balance sheet finance, the other plague of the late 80s, is by its nature much harder to identify. Among the schemes to have been recorded publicly are ones used by Burton and Storehouse, but accountants warn that these are just the tip of the iceberg.
The accountancy profession has been ill-prepared for this rash of

window-dressing. A large part of the problem is that accountants cannot decide what balance sheets are for. There are two opposing views. On the one hand are those who say that they should simply be a record of money which a company has spent.

Unlike the costs that go through the profit and loss account, these are costs incurred for future benefits. They are put into the balance sheet and written down until all of their profit-generating capability has been

Others look at balance sheets differently. This view is that they should (and to an extent do) give an indication of value - though not a com-pany's full value, since only the stock market can arrive at this figure.

The value argument makes tradi-tional accountants furious. Balance sheets should stick to showing costs (which are measurable, and therefore precise) rather than values (which are subjective and therefore largely meaningless). If not, they become worth-

less.

The cost argument is holding sway

but for how long?

The Accounting Standards Committee has decided to dig in on this point in the fight over brand accounting. If you buy a brand, you can show it at cost in your balance sheet: if you build it from scratch, you cannot put it in the balance sheet at all.

However, accountants themselves could be accused of having encouraged the brand accounting trend by allowing companies to revalue other assets, like buildings.

Few companies now show these at

cost, but put them in their accounts at a value. If tangible assets are revalued in this way, why not intangible

These considerations undermine the cost argument. In the most severe attack yet mounted, the Institute of Chartered Accountants of Scotland last year argued that balance sheets should record values, because: "Business activity is about the adding of value, so financial statements should reflect this."

As the accountancy profession tries to tug the financial community in opposite directions, meanwhile, it remains open season for companies who want to present their accounts in the best light. This one looks set to

London

Our client is a rapidly expanding

international distribution and related services

group with locations in 23 countries. Quoted

of £300 million, the group now proposes

to create a specialist treasury function

The appointee will support the Group

Finance Director by providing a full treasury

service for managing the financial resources

facilities, funding and interest rate exposure

Executive Selection and Search

70 Fleet Street, London EC4Y 1EU

KPMG Peat Marwick McLintock

UK Tax Manager

of the company. The position will call for

considerable activity in foreign currency management, monitoring cash flows and

in its corporate headquarters.

on the USM, with turnover presently in excess

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GOLDSTEIN LEIGH MILES

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Financial Controller required by young Chartered Surveying and Property Investment practice to further develop existing computerised systems.

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The one who stands out

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management. This will require the setting up

of systems and procedures, with particular

Candidates must have built their careers to

date in a banking or commercial operations

international level and required winning the

Please send career details, in confidence, to

Mike Blanckenhagen quoting Ref: R5401.

environment which has exposed them to

treasury management and strategy at an

confidence of directors, bankers and

emphasis on computerised systems to

support FX management.

omfessional advisers

ACCOUNTANCY APPOINTMENTS

Group Planning Manager

CABLE & SATELLITE COMMUNICATIONS LONDON TO \$32,000 PLUS BONUS AND CAR

Established to develop and compete in this exciting young visual communications industry, BiVision is now a major force in the field. As a strategic business grouping of Billish lelecom pic its medium term growin and development prospects are expected to be very positive and

The Group Planning Manager is a key position for overseeing the group's tinancial and stategic planning and forecasting needs for each of its profit centres, and additionally to carry out rigorous investment approjects of their development propositis into new

technologies and expansion objectives. Reporting to the Finance Director you will supervise 6 staff in the development of complex planning and appraisal models, negotiating proposals and subsequent projects with the profit centre managers through to the final Board submissions and post performance monitoring.

You will be a qualified accountant or on MBA aged about 28-35. You must have had experience in planning, torecarting and investment appraisal at a sophisticated level and ideally some management expedence in a line accounting role. Personal attitudes

must include a sound commercial sense plus the interpersonal skills required for such a high profile position, from which the prospects for promotion

Résumés please, including a day time telephone number, to Chris Haworth quoting Ref. CH552, Coopers & Lybrand Executive Resourcing Limited, Shelley House, 3 Noble Sheet, London

Executive



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Les pays où la personne choisie aura lité seront L'Allemagne, l'Autriche et surtout la France. Nos activités dans ce dernier pays comprennent environ 30 % du chiffre d'affaires du groupe, avec un effectif de 1400 personnes. Quatre filiales françaises viennent d'être créées, ayant auparavant été des divisions de notre groupe français avec un siège en France: une structure 'holding' vient d'être établie, ce qui exige des interventions plus directes de la part du service financier de Londres.

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une partie de votre carrière dans un groupe Européen ou vous aurez acquis de l'expérience des systèmes français de comptabilité et gestion qui vous ermettra d'intervenir en Prance et eventuellement au Beneiux. Vous pariez couramment le Français et évidemment une connaissance de l'Allemand serait particulièrement intéressante, vu les contacts avec la REA et l'Autriche.

Si ce poste vous intéresse vous voudrez bien contacter Karen Wilson BA ACMA qui vous donnera (en Anglais) de plus amples renseignements sur le poste et le profii de la personne recherchée. Téléphone: 01-491 3431 (0895-633429 Soir/Weekend) PMS. 14 Cork Street, London W1X 1PF.

Search and Selection Specialists Financial Management

Bass

Burton-on-Trent

to £40,000 +Car

Bass pic is one of the largest groups in the UK, with revenue exceeding £3.7bn and 84.000 employees. The Group's major activities encompass brewing, drinks, pub retailing, hotels, restaurants and leisure. The tax considerations of such a large group are consider-

able. UK activities account for 90% of its total operations and as UK Tax Manager, you will be responsible for all aspects of direct and indirect UK taxation. Reporting to the Group Financial Controller and managing a department of 8 people, you will help develop and implement tax strategy, provide a tax advisory service and supervise compliance at both group and subsidiary level. Aged 32-40 you should ideally be a qualified accountant of graduate calibre with significant experience of the

major aspects of UK taxation, either in commerce or the profession. You will have well developed management and interpersonal skills, initiative and drive, with the potential to move into other areas of financial management.

Interested applicants should write enclosing a comprehensive CV with daytime telephone number, quoting Ref: 305, to Barry Ollier, BA, ACA, Whitehead Rice, 43 Welbeck Street, London W1M 7PG.

Tel: 01-637 8736. Whitehead Rice

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London

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The comprehensive remuneration package is excellent and career opportunities are outstanding.

Applications, by letter or fax, should be addressed to John Cockerill, quoting reference 6191J, at Roland Orr & Partners, Management Consultants, 12 New Burlington Street, London WIX 1FF. Telephone 01 439 6891,

c£40,000 + car

INTERNAL AUDIT International plc

c. £26k + Car

Our client is a medium sized highly successful international PLC manufacturing and marketing high quality products and growing strongly in Europe, the USA and Far East.

This new post, in the small group head office in Kent, will be responsible to the Finance Director for setting up a proactive internal audit function within the group to improve commercial performance and profit. There will also be involvement in acquisition appraisals. International

travel will be required, particularly to the USA. This is an excellent opportunity for a recently qualified ACA or equivalent in their mid to late 20's, with an impeccable audit and systems background, to show achievement and develop an industrial career either in a senior financial or line management role in this growing group. The remuneration package of around \$26,000, a car and excellent benefits includes generous

removal assistance if required.

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GROUP CHIEF ACCOUNTANT FINANCIAL SERVICES

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Our client, a subsidiary of a clearing bank, is one of the largest finance houses in the UK with around 100 trading subsidiaries and associates.

A Group Chief Accountant is required who will assume overall responsibility for all aspects of the financial accounting. budgetary control and tax functions of the Group. This will include compliance with statutory accounting and Bank of England reporting requirements and the continued development of management accounting techniques.

Candidates must be qualified accountants, preferably chartered, with at least ten years' post qualification experience in increasingly senior appointments. Previous experience within the financial services sector is strongly preferred although candidates who can

demonstrate the ability to manage the financial accounting affairs of a large and complex industrial group would be considered.

Well developed staff management skills are essential and candidates must have the confidence and personal credibility to liaise at a senior level with the parent bank, the Bank of England, and professional advisers. Candidates must be innovative and forward looking but this should be matched with an attention to detail.

In addition to an attractive basic salary, the package will include an executive car, bonus, profit sharing and subsidised mortgage, in addition to excellent career opportunities.

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Management Accountant Financial Planning

Reading

Yellow Pages is a £multi-million business with an extensive range of published and electronic products that make it the adknowledged leader in its specialist field. This 600 strong company is characterised by innovation, success and dynamic

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In addition, importance will be placed on the use of variance analysis to support budget submissions and to predict trends.

Ideally, you should be a Qualified Accountant with 2 years or more post-qualification commercial experience. Hands-on experience of

computer-based accounting and financial planning systems is essential.

You should possess strong interpersonal skills as this role will demand close liaison with managers throughout the company.

To £26,000 + Car + Benefits

In return for your experience and ability, an attractive package is on offer, together with real potential for career advancement and the opportunity to make a significant contribution to the business.

Please write with a full CV to Mrs. S. Kellaway, Recruitment Manager, Yellow Pages, Queens Walk, Reading RG1 7PT, or call her on 0734 506811.

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Qualified Accountants

£ excellent packages

Wellcome is an international group devoted to the research, development and marketing of products for the promotion of human health with current annual sales in excess of £1.25 billion.

The Group Finance Directorate has vacancies for high-calibre qualified accountants. These positions are entry points within Wellcome's Career Development Plan, designed to provide a variety of experience in different areas of finance.

Two of the vacancies are within the Group Financial Controller's department, based at the Group's Head Office at Euston in London:

MANAGEMENT ACCOUNTANT - to assist with the provision of timely and accurate group management information. The department uses computers extensively and is currently redeveloping its principal systems. Candidates, in their late twenties/early thirties, should have had substantial exposure to management accounting and budgetary control in a computerised multi-currency environment.

FINANCIAL ACCOUNTANT - a member of a team engaged in UK and US corporate reporting plus a variety of unstructured corporate accounting projects. Candidates should have a minimum of three years' post-qualification experience with substantial exposure to large corporate audits. Applicants are likely to be Assistant Managers in professional firms and it is unlikely that anyone under the age of 27 will have the appropriate breadth of experience required.

The other vacancies are based at Dartford in Kent, the principal UK manufacturing site-

SENIOR INTERNAL AUDITOR - as part of the Group Internal Audit department you will be engaged in a variety of operational and financial audits, some of which will involve overseas travel. This role includes advising management at all levels and undertaking appraisals and investigatory work and involvement with a variety of computerised systems. Candidates, not less than 26 years of age, will have at least 2 years' postqualification experience.

FINANCIAL ACCOUNTING/FORECASTING -Ambitious newly qualified accountants, wishing to develop their careers, are required to be members of the team which provides accounting services to the Group's UK operations, which include manufacturing, sales and marketing and research and development.

First-rate remuneration packages will be offered according to age and experience and more mature candidates should not be deterred from applying. Relocation assistance is available where appropriate.

Please write with full career details indicating ost of interest to: Iris Sargant, Personnel Manag The Wellcome Foundation Ltd., 183 Easton Re London NW1 ZBP. Alternatively ring 01-387 4477, ext. 3111 for an application form.

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Taking the financial overview

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Part of a highly successful group, this fastgrowing service company seeks an ambitious and commercially-minded accountant to take on responsibility for the entire financial control and reporting process.

To make the most of this challenge, you should be a qualified ACA, ACCA or ACMA, aged in your mid-late 20's, with experience of a service industry and the ability to progress both with and within the company.

Reporting to the Group Financial

Naturally, you can expect a wide range of Controller and lisising widely
Those who think, think Mervyn Dinnen first-class benefits, including a fully-expensed car.

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For further details pleas telephone Josephine Harvey on 01-638 1711 or write to her enclosing full career details.

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Finance & **Administration Manager**

This is a key senior post demanding a high level of experience in both accounts and administration. As part of the management team, you will report directly to the Technical Director and be responsible for management systems, production control, staff training, purchasing and inventory, budgets and payroll. In addition, you will oversee the computer and data processing operations and general office

The appointee will have a strong finance background gained in a manufacturing environment. Experience of MAPICS II and cost accounting together with a knowledge of O & M principles would be an advantage. Candidates must hold a degree and/or recognised accounting qualifications.

Factory Accountant

A hands-on accounting position with overall day to day responsibility for the co-ordination, preparation and analysis of the accounts. Additional responsibilities will include cash flow forecasts, capital expenditure control, cost and management accounts and overseeing the office

Candidates must have either a degree or a professional accounting qualification and at least five years experience gained in a batch processing/manufacturing company.

Both positions offer a challenging role within this new and developing company. The ability to be able to expand normal job borizons and participate in the initial set-up of procedures and practices is essential. In teturn, SPIMACO offers a tax free salary, accommodation, medical insurance, generous leave schedules and excellent career progression.

For more information on these outstanding career opportunities, contact Greg MacDonald today on 01-631 4411 or write to him with your c.v. at Moxon Dolphin Kerby Ltd, 178-202 Great Portland Street, London WIN 6JJ quoting reference 3354/F.



INTERNATIONAL SEARCH & SELECTION

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To exercise divisional authority while keeping a corporate perspective

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Midlands

Integrating two complementary businesses is one task, exploiting the synergies they offer is quite another. The company, a highly profitable subsidiary of one of the UK's better known multi-nationals, turns over £.30m in products which are conceptual rather than tangible. The task will be to participate in the management and development of one of the two operating divisions, while holding a corporate responsibility for (and perspective on) financial reporting and management information. An acute business brain is therefore crucial, but it will be of little use without the skills needed to lead and manage a substantial team. Ideal candidates, probably in their thirties, will have the qualification and intellect to make (and keep) the basics simple. They'll have experience of managing a finance function in a service organisation, and they'll possess the energy and strength to relish a culture which is vibrant, intelligent and has a fundamental comphasis on getting things done (achievements will be recognised in the bonus element of the package). A hunger for improvement through innovation, and the determination to achieve it, will distinguish the best candidates. Please send full career details, quoting reference WE 9084, to Dave Denny. Ward Executive Limited, Academy House, 26-28 Sackville Street, London W1X 2QL Tel: 01-439 4581,

WARD EXECUTIVE

LIMITED

Executive Search & Selection

Financial Controller

West End

 $c \pm 28,000 + Car$

As a young but rapidly expanding and acquisitive PLC our client is a leader in its specialist field of I.T. services - offering consultancy, training and leading edge software products to a blue chip client base. Since floating on the USM in 1987, the company has continued to expand, both in the UK and overseas and it now seeks to strengthen and develop its finance function with the appointment of a young, enthusiastic and progressive thinking Controller.

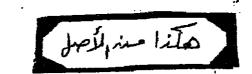
This is a rare opportunity to play a key role in one of today's fastest growing environments. The Controller will be directly responsible for a wide range of functions, including management and financial accounting, systems, cash flow and staff

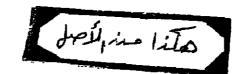
Duties will also encompass expanding international activities, with the opportunity to travel to subsidiaries in the USA

If you are an ACA with 2 years commercial experience and feel able to face up to the challenges offered, contact Claire Lockey, who has been retained to assist the Company in its

leet partnership

Financial Recruitment Consultants, 37/41 Bedford Row, London WCIR 4JH. 61-831 1161 (24hrs). Fax: 61-831 4264





West End

c. £30,000 + benefits The Mecca Leisure Group is recognised as a major force in the leisure industry with activities ranging from catering and hotels to casinos and nightchibs. The catering activities encompass the fast-developing High Street branded restaurant operations cluding Sweeney Todd's, together with top quality City restaurants, banqueting and character hotels

Chief Accountant



Management Accountant

Reporting to the Financial Controller, you will have a central role within a small team of business professionals. Responsibilities will include control of the financial accounts department, production of financial and management information and development of reporting systems.

You must be a Qualified Accountant with at least two years' experience at a managerial level. You must have good knowledge of mainframe and micro systems. Personal qualities must include good communication skills and the ability to work to tight deadlines. Ref: 5237/FT Reporting to the Financial Controller, you will work closely with operational management in controlling financial planning for the Branded Restaurants. This will involve production of strategic plans and budgets, business performance monitoring and capital expenditure appraisal

You must be a Qualified Accountant with a multi-unit accounting background. You must have micro spreadsheet experience and strong interper. The role will include regular visits to all branches. Ref. 5238/FT

Please send full personal and career details in confidence to Alison Hawley, quoting the appropriate reference on both envelope and letter.

Management Consultancy Division



Swiss Bank Corporation

CORPORATE FINANCE

This leading European investment bank is committed to the development of its U.K. advisory business within its Corporate Finance Department. It now wishes to make the following strategic appointments.

*Associate Director *

Applicants must be professionally qualified and experienced at a management level in the field of corporate finance. They will ideally be currently employed in a U.K. bank or broker, or within the U.K. team of a leading international investment bank.

Executives

Applicants must possess a good degree and be Chartered Accountants or Lawyers, with an excellent examination record. Experience gained in company investigations or company commercial matters would be a distinct advantage, but a considered commitment to a career in Corporate Finance will be essential.

Career development prospects are outstanding and the remuneration packages envisaged are highly competitive. In the first instance please contact Roger Tipple, who is retained to provide full background information and to arrange an initial selection interview.

the *leet* partnership

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CARLEST THE WAS IN A STATE OF MENTERS

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1-2 yrs P.Q.E.

7 T. V.

c£30.000

Our client, a blue chip investment bank, is offering an unusual opportunity for an ambitious young ACA to work closely with its

Reporting to the Head of Finance, you will provide effective support for all aspects of financial and management accounting. The role also includes treasury related responsibilities and assisting management in a broad range of business activities from

securities trading to corporate finance. Candidates, aged 25-30 will be graduate ACA's with at least one to two years' post qualification experience. You should have good communication skills and the ability to undertake a broad range of management tasks and contribute in a real sense to

This high profile position provides the opportunity to gain an understanding of virtually all aspects of investment banking

Interested candidates should contact Suzie Mummé on 01-248 3653 (or 01-673 2549 evenings/weekends) or write, sending a detailed CV to the address below or use our confidential fax line on 01-248 2814. All applications will be treated in the strictest confidence.

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Applicants must be qualified accountants aged under 40, with experience of working with computer-based accounting systems in a small or medium-sized service oriented organisation. The ability to take on a wider commercial role is assential, and some exposure to overseas trading and the use of ECGD finance would be preferred.

There are prospects of a directorship within one year. Please write in confidence, enclosing your curriculum vitae including current salary and daytime telephone number to: The Finance Director, Alger, Brownless & Court Lid, 1920 West Street, Faminam, Surrey GU9 7EN.....

FINANCIAL *** CONTROLLER

WEST END

As undisputed market leader in the international drinks industry, our client operates as an autonomous UK subsidiary of an American parent group. This pre-eminence has come about through marketing excellence and exemplary planning, with an integral part of their successful growth pettern attributable to the enlightened use of financial controls and the high profile accorded to accounting executives within the company. In line with their current expansion programme, the client is looking to appoint a Financial Controller to their lead Office terms.

The person appointed will be a natural leader with the ability to manage a department of twelve staff. Essential personal qualities will include a competitive nature and an ability to question all aspects of business operations. Although this position will carry ultimate responsibility for the accounting of all transactions, success will depend on the development of systems and staff rather than attention to day to day figure work.

This demanding role will suit an accountant with up to three years' post qualification experience and will appeal particularly to someone who understands the philosophies of highly successful, multinational £29,000 + CAR

For further details please contact NEIL J. HINWOOD on 01-629 8863, fax your C.V. on 01-408 0961 or write to the address below. + PROFIT SHARE



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Finance Manager

c.£30,000 + F/E Car**M4** Corridor

This is an opportunity to join a vigorous young business team, managing the distribution subsidiary of a highly regarded and well established U.K. software house. Their executives enjoy considerable independence, with clearly defined objectives and an attitude to profit achievement and tight asset control which confirms future growth.

Line managers will recognise and value the contribution to be made by a quality Finance Manager who can provide the commercial as well as professional support they demand. The scope of the role is broad, encouraging initiative and innovation, with prime responsibility for strategic and short term planning, the development of management information systems and analysis of key financial data aimed at driving forward corporate performance.

The right candidate will be a qualified accountant, resourceful and self-reliant, to whom high professional standards are instinctive. The confidence, flair and management accounting skills to be of real influence with senior managers and an enthusiasm for the pace and stimulus of a marketing driven business, are essential. Age guide 27-32. Please reply in confidence, quoting Ref E165 to:-

Margaret Mitchell FCCA Mason & Nurse Associates 5a Station Road, Egham Surrey TW209LD, Tel: 0784 71255

Offices in London, Birmingham and Egham

Mason

CHIEF FINANCIAL OFFICER

Kuwait Trading Group

To \$70,000 + benefits Long term opportunity

Our Client is one of the leading, highly respected, trading families in Kuwait, with substantial business interests, particularly in retailing, throughout the Gulf Area. Further major developments are planned.

They wish to recruit a Chief Financial Officer. This is a new position reporting to the Chief Executive of the Group and will be a key appointment in the group's development. Responsibilities will

- implementing major changes to the group's accounting
- introduction of effective management reporting and financial controls;
- funds management;
- business planning and analysis;
- initially some administrative functions.

The successful candidate is likely to be aged between 35 and 50, and should meet the following criteria:-

- previous successful experience in a senior finance position;
- university education, qualified accountant;
- sound experience of implementing computer systems; experience of the Middle Eastern environment;
- self motivated and energetic.

Knowledge of Arabic would be a distinct advantage.

Our client is looking for substantial commitment from the successful candidate and is offering a long term career with the group with a renewable three year contract. Terms and conditions include the substantial tax free basic salary together with expatriate

Please send a comprehensive career résumé, including salary history, quoting reference JA/22, to: John Allen, Ernst & Whinney, Executive Recruitment Division, PO Box 140, Manama, Bahrain.



Accountants, Advisers, Consultants

OUTSTANDING YOUNG CORPORATE ACCOUNTANT

DYNAMIC INTERNATIONAL GROUP

Northern England Mid/late 20's

£35,000 package plus exec. car

With turnover approaching £1 billion, this international manufacturing and distribution pic has established itself as the leader in a number of diverse markets. Expansion has been dynamic, both through organic growth and acquisition. While individual businesses enjoy a high level of autonomy, the Corporate Office plays a key role in setting overall commercial targets and directing the strategy to achieve them. In this fast-paced and exhilarating environment, a new position has been created for an outstandingly talented young accountant.

The growing size and complexity of this Group will generate constant challenges on the technical front. You will handle many complex accounting transactions between the Corporate Office and the businesses, report on and prepare regular Group-wide financial statements, while providing regular Head Office accounts. The streamlining and improvement of computer systems will also be in your brief, as will your important contribution to the interim and year-end reporting process. In addition, there will be many ad hoc assignments that will be both intellectually and

To succeed in this small, high-powered finance team, you will be a graduate chartered accountant -probably, but not necessarily, still in the profession. You should have excellent technical and communication skills, with the ability to learn and react quickly to events as they happen. You should have an appetite for hard work and be capable of considerable career progress, as within two years you should have moved to a Directorship within a key business area.

Relocation will be paid where necessary.

Please apply to Dudley Harrop or Andrey Shaw at our Manchester office quoting ref. MX111.



Amethyst House, Spring Gardens Manchester M2 1EA Tel: 061-834 0618 Fax: 061-832 9123 Also at Liverpool and Leeds

A Division of ASB Barnett Kinnings Pic

Financial Director Designate

NORTH WEST, c£30,000 + BONUS + CAR

This is a key appointment in a well-established and profitable group of construction and related companies, itself part of a quoted Pic. Organic and oth from the present \$50 acquisitive growth from the

Reporting to the Managing Director, you will have responsibility for the total finance and accounting function and be actively involved in financial policy be derively involved in validated policy formulation, financial planning, budgeting, forecasting and financial control. You can expect considerable commercial involvement in the

business as it expands and to be an integral member of the small but enced senior management team. A qualified accountant, you will probably be in your thintes and will have operated at Finance Director or equivalent level in a related industry. You should have had some experience of acquisitions and have a practical, shirt-seeve approach to financial management, backed by a well-

management, backed by a well-developed commercial awareness

Rásumés piease, which include a

daytime telephone number and an indication of present solary, to Peter Jones, Coopers & Lybrand Executive Resourcing Limited, Abacus Court, 6 Minshull Street, Manchester, M1 35D, quoting ref P171.

Executive

Coopers Resourcing & Lybrand



RECRUITMENT CONSULTANTS GROUP

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FMCG SUBSIDIARY OF DIVERSIFIED TOP 10 UK COMPANY UNDERGOING MAJOR REFOCUS AND CHANGE We invite applications from qualified accountants with 2-3 years' post qualification experience preferably with an FMCG company, where experience has been gained using computer modelling techniques and exposure of working with main board directors. The selected candidate, who will move to manager status within six months, will play a key role in planning the company's refocus and influencing its future direction. Specifically this will concern: monthly reporting to the board and group head office; the accounting service to all head office functions; annual and five year planning; quarterly forecasting and special projects. Essential qualities are strength of personality, a positive attitude to working under pressure to tight deadlines and an enthusiasm for working with proactive colleagues in a "fun company noted for its challenge culture". Ref FPM22275/FT.



CURA

MANAGEMENT ACCOUNTANT— MARKETING/SALES

NORTHERN HOME COUNTIES

TO C.£27,000 + CAR

This same client also seeks applications from qualified accountants in their mid twenties with at least 1 year's post qualification experience gained in a marketing environment, ideally, but not essentially, in FMCG. Reporting to a Financial Director, key responsibilities as part of a small team will include: management accounting: reporting of brand sales and marketing performance; planning and forecasting for individual brands and sales sectors; reporting to brand owners on royalties issues; developing systems and improving control as well as dealing with many ad hoc assignments. Essential qualities required are the confidence and tact to extract essential information from all levels of management, to be PC literate, to be a team player, to have the ability to constantly re-assess priorities when working against time and above all to be commercial with a highly successful and aggressive team of graduate marketing/sales managers. ref: MA22276/FT.

For both the above appointments initial salaries are negotiable to c£27,000, plus fully expensed executive company car, contributory pension, free life assurance, free family medical scheme, assistance with removal expenses if necessary.

For both these appointments we are particularly keen to hear from candidates in strict confidence by telephone on 01-628 0969 or alternatively in writing, quoting the appropriate reference number, when your reply will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager: CJRA.

3 LONDON WALL BUILDINGS, LONDON WALL, LONDON ECZM 5PJ. TELEPHONE 91-588 3588 or 91-588 3576. TELEX: 887374. FAX: 01-256 8501.

FINANCIAL PLANNING & ANALYSIS MANAGER

The retail challenge

\$25,000 + CAR + BENEFTIS • JUNCTION 4 M25

Following the well publicised consortium buy-out of the Harris Queensway Group, a talented and committed management team is being assembled. Under the Chairmanship of James Gulliver, our strategic aim is to obtain competitive advantage within this fast-moving sector in which we are market leaders. This will be achieved through the enhancement of product ranges combined with concerted professional support throughout the supply chain.

Strong management and financial planning are imperative to the successful execution of this strategy and this committment has already been reflected in the appointment of two Finance Directors to our four-man Main Board. To compliment and further strengthen this finance team, we have an immediate requirement for two exceptional Financial Planning Managers within the \$300m turnover Furniture Division. Analysing information, evaluating strategic

business decisions and enhancing profitability will form a key part of your brief. However, your responsibilities will be far more wide ranging. You

will, for example, be heavily involved in Identifying profit opportunity and formulating business strategies. You will work closely with Divisional Directors ensuring action plans are implemented, and be totally committed to our business.

Pro-active, strong-willed and the ability to develop and inspire a picture of the future, you will have sound commercial and financial management experience in a fast-moving environment. A firm knowledge of financial modelling is vital as are creativity, maturity and

excellent inter-personnel skills.

The initial rewards include a salary of \$25k backed by a company car and other benefits. More importantly, future prospects and rewards within this dynamic and demanding environment are outstanding and totally performance related. Age indicator 25-30.

Write now, demonstrating the relevance of your experience, enclosing a full C.V. to:
The Personnel Director, Lowndes Queensway Furniture, Lowndes Queensway, 76 High Street, Orpington BR6 OLX.



FURNITURE

Finance Director (Designate)

Excellent Potential

FMCG subsidiary of Major PLC

c.£27,000 + car + benefits

Our client, a rapidly expanding Plc is seeking a Finance Director Designate for one of their growth orientated subsidiaries. Reporting to the Managing Director with a dotted line responsibility to the Group Finance Director, you will lead a small team responsible for the accounting and financial control of this manufacturing subsidiary. which is a household name.

Key tasks will include the timely production of financial and management information, budgeting, capital expenditure control, systems development and enhancement.

Candidates should be qualified accountants of graduate calibre, probably aged 27-33 with a strong commercial awareness preferably gained from the fineg sector. Good computer skills and an ability to take a 'hands-on' approach are further requirements for this key position. In addition you must be highly motivated with strong leadership and intellectual qualities and be able to demonstrate first class technical and interpersonal skills. This is a senior appointment and has excellent career prospects. Location is in the North of England and there is

an attractive remuneration/relocation package for the right candidate. If you are interested, please telephone Stuart Adamson FCA or Graham Marlow on 0532 451212 or send your

CV, in confidence, quoting reference number 659, to Adamson & Partners Ltd, 10 Lisbon Square, Leeds LS1 4LY,

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Recently **Qualified**

c.£25,000 + car

This is a headquarters level role in a large, very successful, consumer product company which is exploiting its international marketing leadership to increase its product and territorial penetration. The resulting environment is one of professionally managed business expansion to which the finance function makes a full contribution.

The headquarters finance team is small, highly skilled and very interactive. This position gives an apportunity to see the full cycle of events with a particular contribution to strategic planning and annual budget cycles, monthly reviews of operating performance, development of appropriate control systems and a variety of short term projects.

appropriate control systems and a variety of short term projects.

Candidates should be qualified accountants interested in establishing quickly the groundwork for a successful longer term commercial career. Some previous exposure to statutory accounting and international tax issues would be helpful. The position is based in inner West London. Relocation assistance is available if necessary.

Please apply in confidence quoting reference L403 to:-

Brian Mason *** Mason & Nurse Associates 1 Lancaster Place, Strand London WC2E 7EB Tel: 01-240 7805

Mason & Nurse Selection & Search

FINANCE AND COMMERCIAL MANAGER

A Positive Step Towards General Management

Distribution c.£27.000 + car

S W Midlands

THIS IS a rare opportunity for an enthusiastic, broadly based Financial Manager to take a positive step towards a General Management role with one of the world's leading manufacturers, and a major UK distributor of a range of consumer and industrial

The company is seeking to expand sales rapidly from its current £10m pa, and to help achieve this a more effective company organisation is being established and new premises sought for its existing 40 staff.

A high calibre Finance & Commercial Manager is now required to create and establish a credible professional accounting function, to take responsibility for a growing Customer Service activity including.

purchasing and order processing, and to implement and develop financial and sales systems on the company's new IBM AS400 hardware.

Applicants for this position should be qualified accountants, probably aged 28-40 years, and already possess a successful track record, including financial management, in a fast moving, heavily computerised environment. The ability to lead and motivate a team of about a dozen staff is essential. Ambition and a determination to succeed are also vital.

Career prospects are exceptional, and along with a competitive, negotiable salary and company car, assistance with relocation expenses will be provided where appropriate.

Please write or telephone for an application form or send a detailed CV to Philip Guy, Human Resources Group, quoting Ref: PBM/2969/PG, PA Consulting Group, 6 Highfield Road, Edgbaston, Birmingham BIS 3DJ, Tel: 021-454 5791,

B Consulting Group

> TILMAN RISORROLS . Creating Business advantage

Financial Management Film Industry

UK-FAR EAST

£25,000

plus benefits

A leading distributor of feature films worldwide, this Group's revenues are in excess of \$500 million with interests in over 50 countries.

In order to provide for the next generation of Financial Management within the Far East, they now need to recruit Far Eastern nationals to undertake comprehensive ment training programmes.

Initially based at world-wide Headquarters in the UK, you will embark upon a structured training programme, commencing with a period of time in the existing audit function. Here you will obtain a thorough insight into the structure and operations of the Group. Subsequently, a transfer to one of the many Far Eastern interests will be effected in a senior capacity. You must be:

a professionally qualified accountant.

a Far Eastern national, fluent in English, Mandarin and/or Cantonese. willing to travel extensively worldwide during the training period.

As an able communicator and effective report writer, flexibility in attitude and a willingness to view the role as a "training ground" for future advancement are of prime importance. Career prospects are outstanding.

Interested candidates should write in confidence to Micholson International (acting consultants) at Vigilant House, 120 Wilton Road, London SW1V 1/2, ENGLAND, quoting reference F8061 or call on 01-976 5870 for an initial discussion.

NICHOLSON

Treasury Analyst

c. £20,000 inc.

At the headquarters of this multi-national pharmaceutical group we seek an Analyst to join the Treasury Department which is responsible for the Group's cash resources. Reporting to the Treasury Manager, you will be responsible for

- Compiling a number of reports at regular intervals covering the performance of the Group's surplus funds.

 Working with and deputising for the Money Dealer who manages the Group's daily UK cash position and foreign exchange activities.

Familiarity with 'IBM AT compatible' personal computers and specific software such as LOTUS 123 is essential. This job will require considerable daily use of a personal computer.

West End

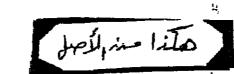
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Training and finands on experience in dealing in Money Market instruments will be provided as appropriate. Applicants should have an accounting background (but not necessarily accounting qualifications) and have experience of

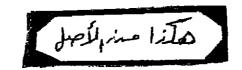
producing accurate reports. Salary quoted includes London Allowance and a guaranteed bonus. Other benefits include non-contributory pension and interest free season ticket loan.

Please send a detailed CV to Miss P.A. Sandry, Personnel Manager at the address below, or telephone Personnel Department ext. 300 for an application form.

Glaxo Holdings p.l.c.
Clarges House, 6-12 Clarges Streer, London W1Y 8DH. Tel: 01-493 4060 Ext. 300.



8



Finance Director (Designate)

West Yorkshire

(1SOp

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Our client is a newly formed autonomous subsidiary of a. substantial £120 million turnover Group, operating in the high technology telecommunications sector. The new company will combine the existing installation and service businesses already developed within the Group.

They now seek to appoint a Financial Controller who, reporting to the Managing Director, will assume full responsibility for all aspects of the finance function. Key areas of responsibility will include the further development of management information systems with emphasis on strategic business planning, which will allow the incumbent to play an

to £27,000 + Car + Benefits

active role in the commercial management of the business. Candidates, aged 28-35, will be qualified accountants who can demonstrate outstanding achievement to date, coupled with strong communication skills and the ability to make an effective contribution to the profitable development of the business.

A comprehensive package is available, including full relocation expenses where appropriate.

Interested applicants should write to James Russell, quoting ref. L8474, at Michael Page Finance, Leigh House, 28-32 St. Paul's Street, Leeds LS1 2PX. (Tel: (0532) 450212).

Michael Page Finance

International Recruitment Consultants London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

HEAD OF **AUDIT**

HOME COUNTIES

c.£35,000 + Car + Benefits

This major international company is widely recognised as a leader in its field and enjoys a major market presence in both the UK and Europe. The European audit function, based at Head Office, is held in high regard and now seeks to recruit a key person to lead the team. The emphasis is placed on operational review and the audit function is risk orientated, rather than transaction based.

The Head of Audit will determine international audit priorities, in conjunction with senior operational management, identify and monitor areas of corporate risk, and manage a team of travelling auditors.

The ideal candidate will be a qualified accountant (aged to 40) with experience of both audit and line accounting in a manufacturing/distribution environment. Key attributes are an analytical and creative approach to problem solving and the ability to recommend and implement change. Success in this position will be recognised and rewarded by promotion to a financial directorship or into senior line management.

To discuss this position in further detail, please contact Fiona Birt-Llewellin on 01-629 4463 (evenings and weekends 01-542 2159). Alternatively, send her your CV to the address

HARRISON # WILLIS

FINANCIAL RECRUITMENT CONSULTANTS

Cardinal House, 39-40 Albernarie St., London WIX 3FD. Tel: 01-629 4463.

Accountants · Solicitors

Train In Canada For A Career In International Banking

This major international bank is offering a truly unusual opportunity to recently qualified accountants and solicitors. They seek to recruit talented young professionals with some experience of the banking world to train as fast-track commercial bankers. Successful applicants will spend a year attending the Bank's Account Manager Programme at Head Office in Canada. This course covers all aspects of Corporate Marketing and Credit Management and introduces the candidate to a wide range of Banking Products. On completion of training, these bankers will take up a middle management role in either Canada or Europe. Such individuals will be regarded as long-term global resources of the Bank, and can anticipate future high-level postings to branches around the world.

The bank is a broadly based institution whose operations cover capital markets and treasury instruments as well as the full range of corporate banking products: commercial credits, trade finance, structured finance and

leasing. Their international network covers the Americas, the Middle and Far East, the UK and much of Western Europe.

Candidates for these posts should be qualified professionals with either accounting or legal backgrounds. They should be graduates aged 26-30 with a couple of years' experience gained since qualification. This experience might be gained in either a professional or a banking environment but candidates should be able to demonstrate some understanding of financing needs and of banking solutions.

The bank will reward successful applicants with an attractive Canadian package in the first instance and will provide relocation assistance. Prospects for future promotion are excellent and candidates can confidently anticipate an exciting, challenging and remunerative career.

Interested applicants should contact Mark Hartshorne on 01-831 2000 or write to him at Michael Page City, 39-41 Parker Street, London WC2B 5LH.

Michael Page City

International Recruitment Consultants London Paris Amsterdam Brussels Sydney

CHIEF ACCOUNTANT

c£32,000 + Benefits

A leading international bank, with strong capital markets interests, offers an excellent opportunity for a qualified ACA aged 28-32 to develop and manage the accounting function. Ref. SML5356

FINANCIAL CONTROL

c£30,000 + Car + BenefitsAs a qualified accountant with 3 years PQE you will be responsible for ensuring that accounting information is co-ordinated for the European Cost Centres of the non-trading operations of a leading

MANAGEMENT ACCOUNTANT

£27,500 + Benefits Prestigious Japanese bank seeks a qualified accountant with a minimum of 2 years banking experience to strengthen the management reporting systems. This is a key position involving close liaison with

business managers. MIS MANAGER

c£25,000 + Benefits

A leading international merchant bank seeks a recently qualified chartered accountant to become involved in special projects and to have overall responsibility for a large team of analysts.

FINANCIAL ACCOUNTANT

£24,000 + Benefits Highly successful subsidiary of a prestigious financial services group seeks a qualified accountant aged 25 to 30 to take responsibility for management and statutory reporting and enhancing corporate profitability.

Ref. HKM5730 corporate profitability.

To apply for these or other similar opportunities in London or South Essex write to or telephone

MANAGEMENT PERSONNEL 25 City Road, London EC1Y 1AA 201 256 5041

Management Personnel RECRUITMENT SOLUTIONS LONDON • GUILDFORD • ST. ALBANS • WINDSOR NEWBURY • BRISTOL • CAMBRIDGE

Hoggett Bowers

Finance Controller (Director Designate)

West Midlands.

£32.000. Car

Part of a newly formed international manufacturing group this company is committed to the further strengthening of its dominant market position in a business which provides after-market services of sophisticated electronics equipment. They now have an immediate requirement for a key individual to join the senior management. Reporting to the managing director, your principle responsibilities will comprise the co-ordination and management of the finance function. This will encompass the development of the accounting the administration systems, financial planning and control of the business, strict credit management, and providing timely management accounting information to meet the business requirements. Aged 30-45 you will be a qualified accountant with at least five years experience as an autonomous finance manager/controller with a background demonstrating achievements in your career to-date, your experience should include the development of systems and control of a field service force. It is essential that you can adopt a hands-on approach and can communicate well at all levels. The highly attractive package includes an executive car and a relocation assistance where appropriate. Career prospects are excellent.

G.J. Deakin, Hoggett Bowers plc, 13 Frederick Road, Edghaston,
BIRMINGHAM, B15 1]D, 021-455 7575, Fax: 021-454 2338. Ref. B18057/FT.

Financial Controller

Cambridgeshire,

To £30,000, Car, Benefits

To £30,000, Car, Benefits

This is an exciting new opportunity for an ambitious, experienced professional to make a major contribution to the management and future development of this profitable £30m multi-site operation, which is rapidly becoming a major force within the meat processing industry. Our client has a well established base supplying the major national retailers, menufacturers, caterers and ready meal, processors using the latest and most advanced production techniques. Reporting to the managing director, responsibility will be for the complete financial and accounting functions and for spearheading the company's current computerisation. Aged 28 plus, qualified to ACA/ACMA, you will have a proven track record and be experienced in the introduction and implementation of computerised systems. In addition to a hands on and down to earth approach, your communications skills and other personal qualities of drive and tenacity will be self evident. Career prospects are excellent and relocation to this most attractive and accessible area is provided where necessary.

J. Thorne, Hogsett Bowers plc, 3 Wellington Court, Wellington Street, CAMERIDGE, CB1 1HZ, 0223-324441, Fax: 0223-323250, Ref. F11033/FT.

Divisional Management Accountant

c £25,000 Package, Benefits

This is an outstanding opportunity to further your career in a rapidly expanding division of one of the world leaders in the chemical and pharmaceutical industries. Working as part of the finance team your role will allow you to contribute to the continued success of the division and will include the preparation of financial information, business plans, budgets and development of the accounting sytems. In addition a key responsibility will be to work closely with sales and marketing on all commercial aspects of the business. Qualified with preferably three years relevant experience, you will need first class analytical skills and have gained experience with computers. The attractive package includes a fully expensed car and relocation assistance where appropriate to this attractive location.

G.J. Deakin, Hoggett Bowers plc, 13 Frederick Road, Edghaston, BIRMINGHAM; 815 1 [D, 021-455 7575, Fax: 021-454 2338. Ref. B18058/FT.

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> **ABBEY PLANT** COMPANY LIMITED FINANCIAL CONTROLLER

Circa £25,000 plus car and benefits

This progressive plant hire group operating in North/North East London, Hertfordshire and Essex wishes to recruit a financial controller to deal with all aspects of the group's developing financial systems and controls.

Reporting directly to the board, the successful candidate will be a qualified accountant, with relevant experience and with particular knowledge of computer based accounting

Those interested should write, enclosing a full CV stating current salary and benefits to:

> Hugill & Co. Department A1 Hugill House, Swanfield Road, Waltham Cross, Herts EN8 7JS

NEW TOP EXECUTIVE JOBS

IS YOUR CAREER ON TARGET?

Hampshire/Surrey borders c.£50k + car

Operating in an expanding high technology market, this successful £300m professional services company has over 5,000 staff worldwide and ambitious plans for the future. The current size and future plans of the business necessitate the creation of this new role. Reporting to the finance director, the group chief accountant will be

fully responsible for planning and co-ordinating the preparation of the Group's financial statements and semi-annual budgets. An initial key task will be the definition of pertinent information for local and Board management and liaison with local finance directors to ensure that this is produced on a timely and accurate basis. The position will include substantial involvement in the development of accounting and reporting systems for subsidiaries in the UK, France, Germany and the USA.

Applicants should be qualified accountants aged 35-50 with senior level experience of managing the consolidation process of a substantial international group, ideally within the service sector. Essential requirements are the ability to effect cultural change amongst senior management and operate within an informal and rapidly changing

A relocation package is available if appropriate. Please send career and personal detail quoting reference F/529/A to: Carrie Andrews.

Ernst & Whinney **Executive Recruitment Services**

Becket House, 1 Lambeth Palace Road, London SE1 7EU.

Appointments Advertising appears every

Monday - Legal Appointments Wednesday - General Appointments

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Property Finance Director

West End

c£45,000 + Car

Our client is an extremely active and profitable division within a major diversified group that spans activities and services worldwide. As one of the largest profit centres within the group the property division will continue to play a key role in the future growth of the

As a direct result of continual new As a circe: result of continual new developments, both with the variety of schemes progressing in the portfolio and in terms of the management structure, a Finance Director is now sought. The role will report to the Managing Director and not only hold responsibility for the accounting function but will also cover accounting function but will asso cover project appraisals, acquisitions, treasury and the strengthening of the financial team supporting the division. In addition, the role will work very closely with the MD in directing the strategy and future expansion of the business.

Candidates, age indicator 35-45, will be qualified accountants who must have had

property experience. That experience must also include strong interpersonal skills to liaise with both internal corporate and external parties and be backed up by a strong commercial awareness with sound financial

expertise.
Please telephone or write enclosing full curriculum vitee quoting ref: 320 to: Philip Cartwright FCMA, 97 Jermyn Street, London SW1Y 6JE Tel: 01-839 4572

Cartwright Hopkins

FINANCIAL SELECTION AND SEARCH

Systems & **Procedures Specialist**

EXPATRIATE ASSIGNMENT

Jawaby Off Service is part of the Libyan Off and Petrochemical Industry and provides a total recruitment service to individual

Our client, has a vacancy for a Systems & Procedures Specialist. Candidates will be qualified Accountants with a wide ranging

A comprehensive benefits package in line with expatriate employment practice is provided.

Please apply with full career details including copies of certificates and a recent photograph quoting reference WA/25 to: Recruitment Co-ordinator, Umm Al-Jawaby Oll Service Co. Ltd., 33 Cavendish Square, London W1H 9HF.

FINANCIAL CONTROLLER

£80m Multi-Site Manufacturing

£35,000

Aged 28-32

Our dient seeks a High Flier—intellectual, professional, managerial—for this prestigious role in a major division of a blue chip' company.

The Financial Controller will provide leadership to a brightyoung team in a proactive approach to management accounting and maintaining tight financial disciplines. There is also the task of reviewing the financial systems as a new generation of IT is being introduced.

Candidates will have a very good degree and be fully qualified accountants. They will have had financial responsibility in an operational manufacturing business.

The remuneration will include a results orientated bonus, executive car, share options and relocation expenses if necessary to the company's base in Sussex.

Please write giving details of age, qualifications, experience and present salary to Mike Pugh, quoting reference 1066. (Our Fax number is 0602 484742). No information will be divulged to our client without your

CB-Linnell Limited

7 College Street, Nottingham NG1 5AQ. SEARCH & SELECTION CONSULTANTS NOTTINGHAM - LONDON

AMNESTY INTERNATIONAL

Amensty International (AI) is an independent worldwide voluntary movement which works for the release of prisoners of conscience, seeks fair trial for political prisoners and opposes torture and death penalty in all circumstances. We are seeking to fill the following key positions:

DEPUTY SECRETARY GENERAL (DSG)

The Secretary General and two Deputy Secretary Generals provide the leadership for the 250 person staff of the International Secretariat (IS) in London, and maintain working relations between the IS and

The DSG (Planning and Administration) has prime responsibility for developing Al's biennial strategic plan, monitoring income and expenditure of the international budget (currently £9 million), and for staff, budget and resource allocation. She/he has prime responsibility for the internal management and administration of the IS.

Candidates must have relevant management experience, have political judgment, be sensitive to the needs of an international multicultural membership organization, and be committed to human rights. Candidates must have experience of strategic planning and financial control, must have experience of staffing issues and must be able to work in a management team. The ability to represent Al and to travel is essential. Candidates must be able to com-municate well in both speech and in writing. Good English is essential, other languages (particularly Spanish, French or Arabic) highly desirable.

SALARY: £24 953 per annum CLOSING DATE FOR COMPLETED APPLICATION FORMS:

16 JUNE 1989 (both posts)

For more information and an application form contact: Personnel Office, Amnesty International 1 Easton Street, London WC1X 8DJ

Tel: (01) 837-3805

HEAD OF FINANCE AND ADMINISTRATION Al needs a Head of Finance and Adminstration to be responsible for the financial management personnel and training policies, and offices and premises management at the IS in London.

She/he is responsible for the financial management of a budget in excess of £9 million . She/he is responsible for the preparation of budget projections, and for ensuring liaison with Al sections on financial planning

She/he is responsible for the management of 35 staff, through three unit managers. She/he is part of the senior management group and is responsible for developing policles under his/her control, and within the IS. She/he is the Company Secretary/of the Al Limited Companies.

Candidates must have relevant experience and/or qualifications in financial planning and control. She/he must have experience of managing and supervising staff in a unit or small organization, and must have experience of initiating and implementing policies. She/he must have experience of dealing with personnel and training issues and an awareness of industrial relations. She/he should have experience of premises and office management and awareness of legal requirements. She/he must be sensitive to, and preferably have some experience of, the needs of a multicultural voluntary international organization. Excellent English; knowledge of other languages (particularly French or Spanish) is an asset. She/he must be able to communicate well both orally and in writing. SALARY: £18 853 per annum

amnesty # international

GROUP CHIEF ACCOUNTANT

SOUTH BUCKS

c.£30,000 + Car + Benefits



Our client, a leader in its field of specialised hi-tech manufacturing, has grown to be a worldwide organisation with operations in seventeen countries and an annual turnover exceeding \$100 million.

Due to a reorganisation of the finance function, the European Headquarters now seeks an ambitious individual to take responsibility for all financial and cost/management accounting of its £30 million operations in Europe, Comecom and the Middle East, leading a department of ten staff and reporting to the Financial Director.

The ideal candidate will be a graduate qualified accountant aged to 35 with a background in the manufacturing sector and should be used to US companies or businesses with a similar fast moving' environment. Knowledge of a European language would be a distinct advantage, although not essential.

The role will appeal to a generalist from a smaller company seeking a move to a larger and more sophisticated environment or a specialist from a major company wishing to broaden their experience.

For further details contact Adrian Barrett on 0734 391003 (evenings and weekends 0442) 85369). Alternatively write enclosing a full Curriculum Vitae quoting Ref RG762.

HARRISON # WILLIS

FINANCIAL RECRUITMENT CONSULTANTS 15 STATION ROAD, READING, BERKS RG1 1LG. TEL: 0734 391003.

3) RAPID RECALL))

FINANCE DIRECTOR [DESIGNATE]

Computer Industry

C. £40K + Executive Car, Bonus, Options

Thames Valley

Rapid Recall is a leading independent supplier of computer systems and support services in the UK. Established in 1975, we have grown to a company with 230 staff and a turnover approaching \$50 million and are the major UK part of the leading European computer group, Metrologie Internationale SA.

Our success is built on both vigorous attention to our customers needs and employing people with professionalism, drive and flexibility. Our style is open and results-orientated, rewarding personal initiative within a teamworking culture.

We now have an opportunity for a high-calibre individual, whose career is definitely fast-track, to join our senior management team as Finance Director (Designate). Key responsibilities will include management of the Finance and Treasury functions and giving strategic input to the overall business direction.

in your late 20's to mid 30's, with at least 5 years post-qualification experience, you will currently be responsible for the finance department, ideally in a fast-moving business. You will have excellent managerial and interpersonal skills and be equally comfortable at both operational and strategic levels. In addition, a working knowledge of French would be helpful, but not essential.

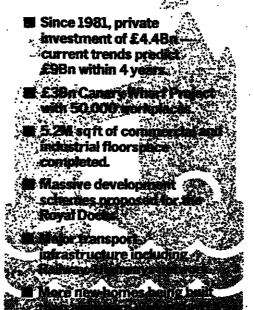
We can offer an excellent package of salary c. 540k, performance-related bonus, share-options, private health, life assurance, pension scheme and an executive quality car.

Please write, enclosing a full up to date curriculum vitae stating current salary to Ed Marsh, Personnel Manager, Rapid Recall Limited, Rapid House, Denmark Street, High Wycombe, Bucks, HP11 2ER.

Financial & Economic

Analyst

Up to £20,877+Lease Car



Remarkable success is being achieved in the regeneration of London Docklands. The scope of the Development Corporation's task includes direct investment in an intensive project programme of reclamation, transport and services infrastructure, and environmental works as well as sales, marketing, employment and community projects. Expenditure, funded by grant and land disposal receipts, is planned at £170M in the current financial year.

Based in the Wapping Area Team and reporting to both the Corporation's Assistant Financial Controller and the Area Director, this role provides a full financial service to the Area Team. Duties will include the financial and economic evaluation of projects, budgetary and cost control, the monitoring of a large capital/income and expenditure programme and key economic development projects.

Applicants should hold a recognised UK accountancy qualification or be able to demonstrate significant experience of financial and economic analysis.

Candidates should write for an application form to: Mr Chris Woodman, Senior Personnel Officer, London Docklands Development Corporation, Unit A, Great Eastern Enterprise, Milharbour, London E14 9T.J. Applications will be reviewed on Monday 22nd May, 1989. An Equal Opportunities Employer.

London Docklands

Financial Controller

EAST MIDLANDS,

c£27,000 + BONUS + CAR

This \$50m lumover company operates in one of the country's most buoyant service sectors. They have experienced strong organic and acquisitive growth and are acknowledged as one of the clear UK leaders in their market. Competition is flerce with the emphasis on providing a service which reacts quickly and effectively to ever more demanding customer

You will report to the Director - Finance and Administration, with line responsibility for your own head office team and a reporting responsibility for regionally based Financial Managers. You will be expected to ensure timely accurate and consistent reporting of consolidated data and interpret

performance for senior management Emphasis will be on the analysis of period reports, with action orientated management. You will assist in the

evaluation of potential acquisitions and play a positive role in budget setting. The next year will see many changes in systems and you will play your part in their implementation. A qualified Accountant, you will probably be aged in your early to mid 30's. Your track record must indicate strengths in planning and control and your experience will ideally have been

gained in a multi-sile business. You will need considerable strength of character and self confidence to deal

with hard nosed and demanding line

managers. This is a high profile position and success in it will logically lead to considerable progression in

Please write, enclasing a full caree résumé which includes a day time elephone number and an indication of present salary, to David Owens, Coopers & Lybrand Executive Resourcing Unified, 43 Temple Row, lirmingham 82 5JT, quoting reference

Executive Coopers
Resourcing & Lybrand

APPOINTMENTS ADVERTISING

Appears every Wednesday and Thursday

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FINANCIAL CONTROLLER

Home

c.£30K + Car etc

Counties

companies.

operation comprising management reports, consolidations, taxation, project accounting and year-end accounts. The appointee will be of CA status, aged c.40 and will be computer literate. He/she will be both adaptable, versatile and an excellent communicator who can quickly

Our client a major European group with

appoint a first class Accountant to manage

excellent profitability and with several operating companies in the UK, intends to

the finance function of one of the UK

The Controller and his/her staff will

provide a comprehensive service to the UK

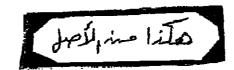
establish a working rapport with the managers of the UK operation whilst surviving the pressures they generate. An excellent salary and car will be offered with family health cover, pension and life assurance included. Future career

prospects are also good. Please write in confidence quoting Ref. 601/FT to: JPW Recruitment Advertising Ltd, Chancery House, 53/64 Chancery

Lane, London WC2A 1QX.

Recruitment Advertisino

حكذا سنرالأصل



Senior Financial Controller

£25,000 — £30,000

A dynamic and professional accountant is required for a highly successful advertising and direct marketing agency. The company is achieving a remarkable rate of expansion, consistently winning valuable new business as well as developing its blue-chip client list.

Satellite companies have already been established to work in the telemarketing and the public relations areas and future plans include the development of in-house studio

The Senior Financial Controller will be joining the agency at an exiting phase in its development and will need to be a highly flexible and intelligent individual with the potential to grow with the company. The job will involve supervising an accounts team of three people, producing monthly management information and work as part of the

Plus Car and Benefits management team, making recommendations on financial issues.

The successful candidate will be a qualified accountant, with four years' post qualification experience. He or she will ideally be in the 30 to 35 age range, as the agency consists predominantly of young staff. Strong computer skills are essential, as the company is quickly outgrowing its present system.

ideally, candidates will have some knowledge of advertising, having either worked in the area within an agency, or handling the audit of a media company within an accountancy practice. Client-side experience is also necessary and this should have been gained in a service

Please write, in confidence, to Kelly Iriondo at the address below, quoting ref. no. SHA,1196



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£49 s.c.¢

Premium

Positions

£59 s.c.c

Group Accountant

Surrey

c£25,000 + Bonus + Car

Our client is a UK plc that manufactures and distributes household named products and has a turnover approaching

The role will report to the Assistant Controller as part of a young head office team. Duties will encompass post acquisitions projects, financial reporting, taxation and treasury matters. The role will involve substantial liaison with divisional management.

Candidates should be qualified graduate accountants, age indicator 24-26, with good communication skills, business

acumen and financial analysis ability. Future opportunities for career development are excellent as this group plans further expansion in the UK and overseas.

Please telephone or write enclosing full curriculum vitae quoting ref: 321 to: Nigel Hopkins FCA, 97 Jermyn Street. London SW1Y 6JE Tel: 01-839 4572

FINANCIAL SELECTION AND SEARCH

Finance Entrepreneur Acquisition Specialist

Stoy Hayward Associates

MANAGEMENT CONSULTANTS, EXECUTIVE SELECTION DIVISION, 8 BAKER STREET, LONDON W1M 1DA

c £50,000 plus

Melton Medes Limited is a highly successful international private company with interests ranging from manufacturing, printing and construction to healthcare. Through skilful and aggressive acquisitions the group has grown rapidly to over £150 million turnover within six years of inception and has further ambitious expansion plans. The group also has major stakes in

Public Companies. in support of the growth plans our client requires a high calibre, enterprising director who will report to and work closely with the Chairman. The main role will be to implement acquisition policy, in addition the director will be the group representative for a number of autonomous subsidiaries for which he will be responsible. With a high degree of autonomy, this challenging position offers a superb opportunity to work at the highest levels in industry and within the City.

Applicants should have extensive experience of all aspects of the acquisition and disposal process from initial strategy through to funding and contract negotiation. They must be personable self starters, with the ability to take decisions and the intellect and energy to work at senior level in a dynamic environment.

Age is not important. Personal characteristics are as important as technical skills and this demanding role requires a high degree of drive and energy Strong negotiating skills are essential, coupled with a sense of tact and diplomacy. An applicant should be equally at home in the boardroom and on

This is a rare opportunity to join one of the UK's most successful companies and salary, for the right person, will not be a limiting factor. With job satisfaction, and excellent remuneration, the rewards of this challenging position are high. So, however, are the demands: those who prefer a passive role should not apply. Location is preferably East Michands. Please write with career details and current salary quoting reference MCS/2046 to

Executive Selection Division Price Waterhouse Management Consultants Victoria House Nottingham NG1 3QY

Price Waterhouse



FINANCIAL PLANNING MANAGER

West Yorkshire

c £40,000 package + car

OUR CLIENT IS A major name in the competitive field of financial services. Recent successes and new developments have created an opportunity to join this progressive

Working closely with the strategic planning and corporate finance teams you will evaluate and project the financial implications and feasibility of proposed business plans for the Group and ensure that there is a sound financial and commercial basis to options considered for the future. You will also work closely with the Group's Treasury Function in establishing capital plans and monitoring of Asset and Liability management policies. Working with the Heads of Finance in subsidiary companies, you will also be responsible for group budgetary control, investment appraisal, performance monitoring and analysis.

As an emerging integrated financial services group in a highly competitive environment, the application of highly developed sophisticated management performance systems is seen as crucial to the organisation's future successes. Candidates must be able to design and support implementation of management control systems

A graduate qualified Accountant or MBA, you should have considerable experience of financial planning, modelling, acquisition evaluation and budgetary control. You must also have flair, initiative and excellent interpersonal skills. The successful candidate will be capable of being considered for the role of Group Financial Controller.

The excellent salary package includes a concessionary mortgage, BUPA, pension scheme, profit related bonus and relocation where appropriate.

Please send full career details, clearly demonstrating the relevance of your experience and giving your current salary package. Your application will be forwarded to our client unopeaed. (Please address for the attention of Security Manager if listing companies to whom details should not be sent.) Ref. L11 38 PA Consulting Group, Advertising and Communications, 15 St Pauls Street, Leeds LSI 2IG.



Creating Business advantage

Remuneration Planning Consultant £25,000 - £30,000 + car **Executive Benefit Services**

Price Waterhouse has recently set up a specialist division dealing with the rapidly developing and highly topical issues of Executive Benefits. Increased demand for their high quality services has stimulated a need for a further consultant to work in the remuneration planning section.

The appointment involves assisting clients in developing strategic reward systems using the most advanced remuneration techniques.

Roll-up and continuous deferred remuneration plans.

with a wide range of clients in many

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Multiple-tier executive incentive schemes.

Controlled reward modelling for cash and share incentives. Your responsibilities will bring you into contact

ldeally you should be a qualified accountant, lawyer or member of the Institute of Taxation with experience of share option schemes, Schedule E. CGT, NIC's and expatriate tax. You should be aware of the impact on business of employee remuneration planning.

We are looking particularly for bright, ambitious, young professionals with the ability to inspire confidence in clients at high level meetings and make an important contribution to the growth of

The remuneration package is competitive with excellent prospects for rapid promotion. Please write with CV to:

Annie Ogle Price Waterhouse Southwark Towers 32 London Bridge Street London SE1 9SY

Price Waterhouse



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INTERNATIONAL BANK located in LUXEMBURG

undergoing a rapid expansion seeks to strengthen their according group by appointing a (m/f)

BANK ACCOUNTING OFFICER

He/she will be a certified accountant with banking experience in a general oper-ations department. The successful candidate will be responsible for a number of they information areas. Knowledgeable in the drawing up of financial plans, IML reports and establishing the Anglo-Saxon shareholders reports, the right candidate showing good potential will be able to undertake a wide range of operations that will contribute to the bank's development, thus allowing scope for ca-

If you feel you have the right experience and are perfectly bilingual in French and English, please contact our consultant to set up a meeting. All applications will be treated in the strictest of confidence. Tel.: 01832 2/771,72.61

Mrs. D. van TURENHOUDT specialist in the recruiting of financial personnel, avenue de Mai 38, 1200 Brussels. Brusseis-Luxemburg-London-Paris

SYSTEMS LIAISON

To £27,000

International Merchant banking remains one of the most challenging and rapidly developing sectors for accountants looking for fast-track careers, and our client is at the forefront of all areas of new business

They now seek to recruit a systems/project accountant to be responsible for the development of systems in these new areas, with a view to creating a consultancy team capable of high level review and implementation of new ideas. Planned growth will lead to many new and varied assignments providing ambitious candidates with an excellent grounding in all the bank's diverse areas.

Candidates aged 24:30 should be fully qualified accountants with a special interest in systems work. The excellent benefits package includes a generous mortgage Interested applicants should call Lee Acton, quoting Ref:

FINANCIAL MANAGEMENT

Start up operation Cambridge. A fore-rupner in a new field of telecommunications, our

A jore-runner in a new field of telecommunications, our client is uniquely placed to exploit the expansion of its market. With the backing of a consortium comprising three multi-national organisations, the firm can expect to enjoy exponential growth. Openings now exist for three qualified accountants to join this dynamic team within financial control, treasury, and planning management. Each appointee will be in charge of fully developing their own roles.

These are key appointments and the successful candidates can expect immediate front-line business involvement. They must possess well developed technical skills and be committed to the future of the company. Interested applicants should call Fergus Hooley, quoting

> HUDSON SHRIBMAN VERNON HSE-SICILIAN AVE-LONDON WCIA 20H-TEL: 01-831 2323 FINANCIAL RECRUITMENT



FINANCIAL **CONTROLLER**

CASSELL

£25,000 P.A. + car/benefits

ssel is a rapidly expanding independent book publishing company cialising in the trade, educational and reference sectors.

Turnover is expected to be in excess of £10m in 1989 and has increased threefold over the last three years mainly by acquisition.

As a result of this growth the Company needs to recruit a Financial Controller to be responsible for the financial and management accounting function and head a small team of eight people. The position will report to the Financial Director.

Candidates will be ambitious, energetic, qualified accountants preferably with a strong commercial background in financial management and with a good knowledge of computerised systems.

current remuneration to:-

F J Roney, Financial Director, Cassell PLC, Artillery House, Artillery Row, LONDON SWIP 1RT. Tel: 01-222 7676



INTERNATIONAL LIMITED

PARIS

CHIEF FINANCIAL OFFICER

If you would like a career within the Dunlop Slazenger International Group based in our Paris offices then we have the resources to match your aspirations.

c£30,000 (Equivalent)+Relocation+Benefits

You will be reporting to the Group Financial Controller and will manage 15 staff. Financial and Administration control will require your keen commercial acumen and system skills with emphasis upon sales, purchases and warehouse distribution.

You should be a QUALIFIED ACCOUNTANT and be fluent in French. Challenging prospects will ensure your career keeps pace with our worldwide reputation as market leaders in the field of sports and leisure.



For further information

Pearl Assurance House, High Street,

Woking, Surrey GU21 1YJ

Accountancy Personnel

Placing Accountants first

<u>Hays</u>

VENTURE CAPITAL

Outstanding ACAs

c£30K package + bonus

Building upon an enviable reputation, this division of a leading UK Merchant Bank plans to increase the strength of its Venture Capital teams through an uncompromising recruitment policy of selecting only the best talents available. As part of this process, they require a small number of exceptional young Chartered

Accountants (aged mid-late 20s) who possess impeccable Academic and Professional Qualifications and whose technical skills — honed during circa two years' PQE in Industry, Commerce or the Profession — will make a significant contribution towards the provision of Development Finance for a diverse UK and International client portfolio.

Equally important, candidates will be eager to assist companies at the post-investment stage, and will derive immense satisfaction from seeing a project through to its successful

These positions carry immediate responsibility since our client is seeking Management Potential for the early 1990s.



For further information write to Michael Masterson, H.M.A. Recruitment, Chancery House, 53/64 Chancery Lane, London WC2A IQS, enclosing your curriculum vitae. Telephone 91-242 1822. Fax 61-831 6425.

Financial Director

TO £35,000 + CAR HOME COUNTIES/M4 CORRIDOR

For this internationally based manufacturer of specialist construction equipment, which has through technical innovation, product performance and reliability, secured an enviable reputation as a prime supplier worldwide. Organisational restructuring of its UK subsidiaries, where turnover is now planned to exceed £20m, has resulted in the need to strengthen the management team by the appointment of an experienced financial manager.

In this newly created post you will have total responsibility for the financial functions of both the domestic sales and servicing and international trading operations. You will be expected to

make a significant contribution to decision making across the entire spectrum of business activities and be instrumental in daving forward financial performance. The brief includes the further development of financial and management information systems. control and administrative procedures and management reporting

A qualified accountant probably in the age range 28-35, you must have a sound knowledge of the commercial requirements of international trading, in addition to proven technical and financial skills. Direct involvement in management information and integrated financial systems are

prerequisites. Refevant post qualifying experience is important, ideally gained in an international group engaged in contracting and/or the sale of capital equipment. The ability to manage and motivate a small team and the personal standing to be of influence at board level is essential.

Please send résumés, including details of present remuneration and giving a daytime telephone number to Adrian Edgell, Coopers & Lybrand Executive Resourcing Limited, 9 Greytrians Road, Reading RG1 1JG quoting reference

Executive

Coopers Resourcing & Lybrand

Finance Director

Maidenhead

Our client is a leading pharmaceutical company which is part of an international healthcare organisation. With an established range of mature products they are continuing extensive research into the development of new products for the 1990's.

Reporting to the Managing Director, you will have a substantial role, acting as business advisor, in planning the future development of the business. Key responsibilities will include strategic planning control of the finance function and providing financial input for decision making purposes.

You will be a Qualified Accountant in your mid to late 30's; senior management experience should have been gained within a challenging environment, possibly within an industry which is

c.£40,000+ excellent benefits

undergoing substantial change. You must have a creative and proactive approach and the flexibility to succeed in this demanding

The remuneration package will include a performance related bonus, non-contributory pension and the opportunity to participate in a share option scheme

Please send full personal and career details in confidence to Charles Vallee, quoting reference 5250/FT. on both envelope and letter.

Deloitte

. Management Consultancy Division PO. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL



For further information

For further information

72-74 High Street, Guildford GU1 3HE.

For further information

contact: Accountancy Personnel

Tel: 0483 54692

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PROJECT ACCOUNTANTS

NEWLY/RECENTLY QUALIFIED WITH LINE MANAGEMENT POTENTIAL WHYTELEAFE UK OPERATION **CROYDON INTERNATIONAL OPERATION**

£Highly competitive+Subsidised mortgage Operating in more than 80 countries around the world and well placed to meet the challenges of 1992, our client, Commercial Union, is one of Britain's leading financial services groups.

The continued development of new and existing markets has resulted in the creation of a number of rewarding career positions involving responsibility for a variety of special projects, the development of financial controls/reporting procedures and the enhancement of management information.

DIVISIONAL FINANCIAL CONTROLLER

SURREY

£24,000+CAR+BENS.

A newly created post for a qualified accountant with 3 years p.q.e. in a manufacturing environment to take responsibility for the daily running of the accounts functions for a number of subsidiaries within an international group. Displaying extensive management skills and the ability to communicate at all levels, the successful candidate will also be involved in the development and implementation of computerised accounting systems with emphasis towards management reporting and cost analysis. Superb benefits package. (Ref. JN 024).

FIRST TIME PASSES?

£27,000+CAR+LARGE CO. BENS. CENTRAL LONDON

One of the largest international oil companies in the world is offering an outstanding career opportunity to a dynamic young Accountant with ambition and a first class record of achievement. Financial reporting, systems development, spreadsheet modelling, management information, taxation, consolidations this is a truly interesting role. Prospects are excellent, there are a number of possible career paths and promotion is envisaged after 12-18 months. You should be ACA/ACCA/ICMA qualified (within 2 attempts) and wish to work for a large and sful corporation.

If you would like to apply for this challenging position, then please telephone or write quoting (on the front of your letter if writing): Ref. JW/SK.



Accountancy Personnel

Placing Accountants First

Commercial Controller

Salary to £40,000 + benefits

Our client, an established and well-respected Securities House, is dedicated to maintaining its lead in an increasingly competitive market place. They aim to achieve their objectives by keeping abreast of the latest business products and methodologies available, and by utilising them to their fullest advantage. As a consequence, they have identified the need for a commercially aware Controller to put their ambitious plans into action.

Reporting to the Director of Finance and Administration the appointee will play a major role in the firm's future growth and development.

Candidates must be qualified Chartered Accountants with at least two years

experience within the Securities Industry. They should be familiar with computerised settlement and accounting systems, and possess a well-developed sense of commercial awareness, and entrepreneurial spirit, enabling them to identify profitable business areas and participate at senior level in acquisition negotiations. Candidates should be aged between 32 to 40 years.

Excellent prospects exist in line with the firm's predicted growth. Interested candidates, who meet these criteria should send a detailed curriculum vitae including current salary and daytime telephone number to Carol Jardine quoting reference LM160 to Spicers Executive Selection. 13 Bruton Street. London W1X7AH.



SPICERS EXECUTIVE SELECTION

Manager Performance Reviews

NW Surrey

around £38,000 + car

Large multi-national manufacturing group seeks a financial manager to investigate and report on comparative performance and disciplines of operating companies in this country and overseas. Travel would be primarily in the UK and Europe. Preferred age 30-42.

Candidates will be qualified accountants accustomed to multi-national operations in the profession and/or industry. Creative ability, application and interpersonal skills are essential. Prospects are excellent.

For fuller details write in confidence to W T. Agar at JC&P, 104 Marylebone Lane, London W1M 5FU demonstrating your relevance clearly and quoting 2302/FT



YOUNG FINANCIAL ACCOUNTANT

VICTORIA, SW1 · c.£25k + CAR + BENEFITS

Iron Trades Insurance Group is a growing force in general insurance. Operating mainly through brokers, we have assets of over £500 million and a premium income in excess of £120 million. Responding to the changing needs of today's dynamic market, we are implementing a major reorganisation programme to allow our competitive edge to cut even deeper into new market

At the heart of this new drive for change, we're looking for an ambitious young Financial Accountant to control a busy team of eight. Responsible for the compilation of annual accounts, forecasts and management information for two of our major operating companies, you will also play a key role in the planning and development of new financial systems, review of statistical data and formulation of projections.

Based at our head office in Victoria, this is a varied and rewarding career opportunity which calls for first-class man management and communication skills. Qualified to ACA/ACCA/CIMA standard, you should have several years' commercial experience together with the personality and drive to succeed in a progressive, fast-paced environment. Previous insurance experience, although advantageous, is not essential. As well as excellent career prospects you'll enjoy a starting salary of £25,000 and comprehensive benefits including

company car, mortgage assistance and non-contributory pension scheme. Please write with full career details to: lanis Quinn, Personnel Officer, Iron Trades Insurance Company, Iron Trades House, 21-24 Grosvenor Place, London SW1X 7JA. Tel: 01-235 6033.



Insurance Group

Finance Manager

Davy McDermott, a major British company specialising in the design and project management of offshore oil and gas installations, is seeking an experienced Finance Manager to assist the Company with its expansion and

You will report directly to the Managing Director and Join an established and highly motivated senior management team. Responsibilities will include managing the financial aspects of the Company's operations and advising management on the commercial considerations of a wide range of business

We are looking for an experienced senior accountant who is well used to pressure and responsibility and has good communication and interpersonal skills. It is unlikely that applicants below their mid-30s will have the required experience and maturity for this demanding role. The substantial salary and benefits package is all that would be expected

from a major employer. In the first instance, please contact Raymond J. Bettiss, Divisional Director of Personnel on 01-903 1333 for further information or send your C.V. to him at Davy McDermott Limited, McDermott House, 140 Wembley Park Drive, Wembley, Middlesex HA9 8JD.





OPERATIONAL AUDITOR

he Penguin Group is looking for an Operational Auditor to join its newly created Operational Audit Department based at our Harmondsworth offices. The work of the department is wide ranging and varied as would be expected in this large and expanding international publishing group.

Initially the audit coverage will be in the U.K. but as the department establishes itself, opportunities may develop to undertake audits in the Group's group companies in the U.S.A., Canada, Australia and New Zealand.

The requirement is for a qualified Accountant with operational audit experience, who is prepared to adopt a flexible approach in this challenging environment. Penguin offer an excellent benefit package including Private Health Care, and Pension Scheme.

If you are interested in this position and would like an application form, please telephone 01-759 2460 (24 hours), quote reference AUD/7 and leave your name and address.

THE PENGUIN GROUP We welcome applications from all sections of the community.

EUROPEAN ACCOUNTANT Purley, Surrey c £28,000 + car

EMC² is a leading manufacturer of peripheral equipment for mainframe and mini computers. Headquartered in Boston, Massachusetts, the company is now looking for an experienced qualified Accountant to be based in the European Headquarters at Purley, Surrey.

Reporting to the European Controller, the ideal candidate will have the following background:-

- 1) Accounting qualification obtained in leading professional firm
- 2) Experience of USA and European reporting requirements
- 3) Strong familiarity with PCs and computerised business systems
- 4) Understanding of Foreign Exchange exposure management -

11.000 =

5) Knowledge of French and/or German

if you are interested in the above position, please send your CV including recent photograph to Mr C Patteson, EMC Computer Systems (UIC) tid, EMC House, 814 Brighton Road, Purley, Surrey CR2 2BR.

A MEDIUM SIZED ESTABLISHED UNDERWRITING AGENCY AT LLOYD'S REQUIRES A

QUALIFIED ACCOUNTANT

Experienced in Management Accounts and Computerised systems.

Aged under 40, salary package commensurate with the position taking into account age and experience.

Write with full c.v. in the first instance to:

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FINANCE DIRECTOR REQUIRED

for fast-expanding acquisitive plc. The right person will be part of a dynamic team. Remuneration negotiable and equity participation expected.

Write Box A1218, Financial Times, One Southwark Bridge, London SE1 9HL

HIGH FLYER

c£30,000 **CENTRAL LONDON** Our Client, a highly successful two partner firm of Chartered Accountants, seek and individual aged 26-35 with a "ahirt sleeve approach" to assist will the running of this practice. You will be ambitious, hard working, technical aware and keen to progress to Partnership level within the near future. Please contact David Paton, on \$80-5522 alternatively send your CV to: Executive Search Division, Hynes Associates Ltd, Wells House, 77-79 Welts Street, London, W1.

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